





News Analysis

Lagos, Not on Kissinger Tour, Is Key to Aims

By John Darnton  
LAGOS, May 2 (NYT).—To some extent, Secretary of State Henry Kissinger's efforts to salvage relations between the United States and black Africa on his current trip will depend on the impression he makes on a country he is not visiting.  
And the country, Nigeria, is not likely to be easily impressed. Three weeks ago, the federal military government withdrew the invitation for Mr. Kissinger to come here. The reasons, as far as can be determined, were mixed.  
The government is still preoccupied with tracking down and punishing the perpetrators of a Feb. 13 coup attempt. Security precautions alone for Mr. Kissinger would have been even more onerous than the usual. Perhaps there was even the possibility that Washington took so long to set a firm date for Mr. Kissinger's visit or that, when it finally did, the visit was to be only a 24-hour passage during a whistle-stop tour of African capitals.  
Wide Gulf  
But there are also indications that some top Nigerian officials feel that the gulf between

Nigerian and U.S. interests has become too wide to bridge. That gulf is critical in the U.S. attempt to bolster Washington's waning influence on the continent. Black Africa is too disparate for any one nation to be its leader, but Nigeria—because of its size and wealth—is the closest to assuming that role. Nigeria's population of about 100 million is equal to the total population of all the countries Mr. Kissinger is visiting. Its gross national product is greater than all the others together. And its plentiful oil deposits give it unique status, since Nigeria is the second-largest supplier of crude oil to the United States.  
By strongly supporting the faction that won the Angolan civil war, Nigeria has become the pre-eminent spokesman for Pan-African solidarity. Zaire, sometimes said to be Nigeria's potential rival for dominance, backed the losing side.  
Support Stepped Up  
Although Nigeria has said it will not commit its 350,000-man army to the fight in the south except under the auspices of the Organization of African Unity, the tempo for deeper involve-

ment is rising. The major liberation group in South-West Africa (Namibia), the South-West Africa People's Organization, is to open an office in Lagos soon. Financial and material support to other liberation groups is being stepped up.  
Accordingly, Nigeria is closely following Mr. Kissinger's movements and statements on his first trip to the continent.  
The secretary's dual policy—warring against further Cuban-Soviet incursions in southern Africa on one hand and voicing increased support for majority rule there on the other—arouses only anger here.  
The warning is seen as the real crux of the policy, aimed at countering growing Soviet influence. It is deeply resented as a move that bolsters the resistance of the white-ruled regimes in Rhodesia and South Africa.  
The support for black majority rule is regarded as rhetorical, if not hypocritical, given the record of U.S. trade relations.  
Embargo Broken  
The U.S. government has broken the United Nations embargo against Rhodesia. It allows two U.S. companies inside South-West Africa from paying U.S. taxes. And U.S. businesses have recently increased their investments in South Africa.  
A year ago, U.S. officials said that U.S. investments in Nigeria are not lost upon the Nigerians, who argue that the U.S. policy in Africa is dictated primarily by economic concerns that ally the United States with South Africa.  
In making the "liberation" of southern Africa the focal point of its foreign policy, the Nigerian government is staking out a position on an issue that it views in terms of morality and idealism. It perceives the overture from Mr. Kissinger, who seemed to ignore African affairs until the Cuban-Soviet involvement in Angola, as a cold-war power grab.  
The Daily Times said that, "while groping about for an African policy, the U.S. would commit tragic and costly errors if she persisted in seeing events in southern Africa through cold-war perspectives. Africans do not share America's cold-war paranoia about the presence of Russian and Cuban elements on their continent."  
To overcome the ill will here, Mr. Kissinger will have to announce something very dramatic. Increased aid to Mozambique as compensation for the closing of its border with Rhodesia, or additional help for the drought-stricken Sahel region in northern Africa, while it might be welcomed, is just as likely to be condemned as crass economic politics.  
"The only thing that would do it would be for Kissinger to announce immediately that the U.S. is going to give \$2 and \$3 million of arms and money to the liberation movements," said an official in the Ministry of External Affairs. "And even that would be seen as jumping on the bandwagon. It wouldn't bring you up to the level of the Russians because the Russians were there first."



MADRID MAY DAY—Father Francisco Garcia Salve, a Roman Catholic worker-priest, speaks in Casa de Campo park during biggest leftist rally in capital since Civil War.

Europe May Day Parades, Protests Are Held

MADRID, May 2.—Police today questioned hundreds of persons arrested in outland May Day demonstrations throughout Spain. Some were released.  
The national newspaper Citra said that 150 protesters were arrested in Madrid. Protesters also were detained in Barcelona, Bilbao, Malaga and other cities and towns.  
Dozens of persons were injured in clashes with police, but none seriously, Spanish news agency reports said. In Barcelona, a 28-year-old man watching police scatter demonstrators died when he fell from a fourth-story window and landed on a police jeep. In the Basque region, a man was shot and wounded in a gunfight with police.  
Monarchy Issue  
The wave of protest was organized by the Communists and other outlawed leftist groups who appealed to Spaniards to demonstrate in the streets for political and labor rights, and to demand an end to what they called the "fascist" monarchy of King Juan Carlos.  
The government sent thousands of policemen and paramilitary Guardia Civil to combat May Day demonstrations. In Madrid and Barcelona, police fired shots into the air and dispersed some of the crowds with rubber bullets and smoke flares.  
In Madrid, police did not interfere with two leftist gatherings.  
One was a meeting of several hundred Socialists at the grave of party founder Pablo Iglesias. The Socialists laid wreaths, listened to speeches, sang the International and gave the clenched-fist salute. It was the first time since the civil war that the various factions of Spanish Socialists had jointly participated in a public event.  
A few hours later, police, many of them carrying submachine guns, stood by as more than 2,000 persons gathered in Casa de Campo Park to listen to a

speech by Francisco Garcia Salve, a Communist Catholic priest who has served jail terms for outlawed labor activities.  
Lisbon Bomb Kills 1  
In Lisbon, an explosion in front of a Communist party office rocked central Lisbon hours before the start of May Day festivities. One person was killed and six were injured in the blast.  
"The terrorist attack was obviously aimed against the Communist party," a Communist spokesman said, as he called on workers to join the scheduled May Day march.  
The blast damaged a half-dozen cars and shattered windows of hotels, shops and offices for several blocks along the main Avenida da Liberdade.  
Police sources said that a bomb had been planted under or inside a car parked near the party office.  
A few hours earlier, Communist party leader Alvaro Cunhal had warned that "reactionary forces are seeking to destabilize" the situation in Portugal.  
"There are still many fascists in Portugal seeking power by unconstitutional and illegal means," Mr. Cunhal declared, adding: "We Communists believe there exist many conspirators, and terrorist organizations which have not been dismantled."  
At Lisbon's May First Stadium, despite the continuing political tension between Communists and Socialists, there was a warm holiday atmosphere. Vendors sold peanuts, cotton candy and pictures of Ernesto (Che) Guevara, while neighborhood bands, folkloric groups and revolutionary singers entertained a crowd of about 50,000.  
There were traditional worker parades in Communist countries. East Germany held the only military parade reported on the international labor holiday. The U.S., British and French commandants in West Berlin protested the show of force in East Berlin as a "renewed violation of the demilitarized status of Berlin."

In Moscow, the Politburo, led by Leonid Brezhnev, stood atop Lenin's tomb to wave at more than 100,000 marchers in a parade lasting more than two hours. Raul Castro, the visiting Cuban defense minister, joined the Soviet leaders.  
In Vietnam and Laos, thousands celebrated at parades and rallies at which leaders called for the further development of socialism.  
Cyprus police outnumbered by about 10 to 1 a group of Greek-Cypriot Communists who held an anti-U.S. May Day demonstration outside the U.S. Embassy in Nicosia.  
The Lockheed Aircraft Corp. payroll scandal was among the major May Day issues in Japan, where a million workers attended rallies. Demonstrators demanded fuller investigation of the Lockheed affair and resignation of conservative Premier Takeo Miki.  
The first report that Mr. Ford submitted to Congress, required by law every six months, said that since construction was finished in late February "the sensor fields and watch stations have been working at full effectiveness and no untoward incidents have occurred."  
Congress authorized the stationing of 200 U.S. civilians in the Sinai to determine if Israel and Egypt were honoring terms of the troop redeployment agreement.

Wife of Mao Is Seen Gaining In Power Among Leadership

(Continued from Page 1)  
Feking's jargon for serious lawbreakers and is normally used only for Chinese.  
Two Western diplomats, meanwhile, said they were informed by Soviet envoys that the explosion was caused by a bomb and occurred when a group of Chinese, were

stopped by guards as they tried to enter the embassy compound.  
According to that account, two sentries died and another Chinese was injured or killed near the gates of the stone-walled embassy on Anti-Revisionist Street.  
Extra troops and security men were deployed around the Soviet Embassy last night. Instead of the usual pair of People's Liberation Army soldiers that guard all embassies here, six soldiers were stationed at the Soviet Embassy.  
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Chiang Ching

New Clashes In Lebanon

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moun, 19-year-old nephew of a leading rightist, Interior Minister Camille Chamoun, to "cut the road on the process of the election of a new president."  
It said the return to Lebanon yesterday of U.S. envoy Dean Brown may "push the crisis anew to the international level so that it can be settled decisively this time."  
But the leftist radio station accused Mr. Brown of bringing "conspiratorial instructions from his masters which the isolationists [rightists] will implement."  
U.S. University Reopening  
BEIRUT, May 2 (Reuters).—The American University of Beirut, which has been open for about 10 weeks this year because of the civil war, will resume classes in all faculties tomorrow, a university spokesman said today.  
He said the reopening was mainly for the benefit of students living on the campus in Moslem West Beirut or in areas nearby. Students and staff who would have to cross dangerous areas of Beirut to reach the campus should not attempt to do so, he said.

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U.S., Britain Denounce Work Of UN's Human Rights Panel

UNITED NATIONS, N.Y., May 2 (AP).—The United States and Britain have denounced the work of the UN Human Rights Commission, dominated by Soviet-bloc and Third World nations.  
In an apparently coordinated attack, envoys from the two nations charged Friday that the 32-member commission has acted exclusively on complaints against Israel, South Africa and Chile, while ignoring repressive practices by other authoritarian regimes.  
Leonard Garment, the U.S. delegate, said that the United States "will not accept or acknowledge" a commission-approved resolution that the security of the state is of higher value than the protection of the individual from abuse by the state.  
The resolution, adopted by the Geneva-based commission in February, is being reviewed by the social committee of the Economic and Social Council.

He wished that someday a "une popular democracy" would place the "outmoded" human rights commission in "the dustbin of history."  
Mr. Garment and Mr. Garment urged the "Eastern Bloc" Third World nations to "a UN system of single out identifying countries whose conduct shows a consistent record of gross violations of rights."  
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One Socialist proposal in the last month was for an emergency government that included a role for the Communists. "The legislature could have been saved," Mr. Berlinguer said. "The Christian Democrats did not have the courage to do it."  
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"I am a realist. I gave this campaign everything I had and I believe I ran a good campaign for a good long time."  
To most political observers, Sen. Jackson's decision appeared to leave Mr. Carter in a strong position to put together a first-ballot nomination at the Democratic national convention in New York City in July.  
Sen. Jackson's decision followed two days of Sen. Hubert Humphrey's announcement that he would not enter the June 8 primary in New Jersey and would not authorize any efforts on his behalf to raise money or attract delegates before the convention.  
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4. Your brother's jokes.  
(A good reason to call home.)  
An international call is the next best thing to being there.

Why rent just any car when you can rent a Europcar?  
europcar  
2500 locations worldwide (in the U.S., Latin America & the Pacific, see National Car Rental).

Moscow, Irked by BBC, Cancels Briton's Visit  
LONDON, May 2 (AP).—The Soviet Union has angrily canceled a visit by the head of the British Broadcasting Corp. after ousted author Alexander Solzhenitsyn charged on the radio that Lenin had deceived the masses.

Saharans Claim Moroccan Victory  
ALGERIA, May 2 (AP).—Sahara independence supporters claimed that the guerrillas had won the battle of the oasis of Arjaouna, a strategic point in the northwestern corner of the territory.  
A communiqué from the capital of El Aaiun said the same-day fighting was on Moroccan forces.



## Is How It Turned Up Many Mysteries Surrounding leged Howard Hughes Will

From Wire Dispatches

VEGAS, May 2.—Movers to administer a purported Howard Hughes have been by Noah Dietrich, an Hughes aide who was named executor of the estate in a document that turned up in the Salt Lake headquarters of the Mormon Church.

Dietrich's long-time lawyer, J. Rhoden of Los Angeles, filed petitions for probate orders that would authorize Dietrich, 37, to proceed to the Hughes properties the lines set down in the document that turned up in the Salt Lake County court here Thursday.

Filing will lead to a court on the authenticity of the document. The procedure followed would be that Probate Commissioner Russell Waite would be all the papers involved, including the alleged will, and Mr. Dietrich to Clark District Court Judge Hayes.

ch officials issued a statement that they did not know how the page handwritten document purportedly drawn up six ago, turned up on a desk in the office. They did not order for the authenticity of the document which the church is sixteenth—perhaps \$100—of the Hughes estate.

Others Silent  
Dietrich who direct the day-business of Summa Corp. controls most of the estimated \$1.5-billion Hughes estate, is silent about their view of the authenticity of the will.

spokesman for Summa said: authorized to say nothing of the authenticity of the document. He was pressing their for a will in which they Mr. Hughes left all his medical research.

is familiar with the recent of the moody reclusive several unusual aspects supported will.

as the designation of Mr. as executor. Mr. Hughes died 19 years ago, ending our decades of close association. They had no direct after that rift, Mr. said.

peculiarity of the purview, according to Hughes the naming of Melvin a 31-year-old mechanic in Willard, Utah, as of one-sixteenth of the fortune.

inewitness will named Dummer of Gabbs, Nev., beneficiary. Mr. Dummer, said he lived in 1968. He said that in of that year, he picked alongside the highway him a lift to Las Vegas. the man told him he was Hughes, but Mr. Dummer did not believe the man, described as looking m.

Reclusive Habits  
ing to those close to Mr. the episode seems unusual cause during the period Mr. Hughes reportedly his penthouse at the in, a hotel with a casino as Vegas Strip.

other unusual development with the alleged that efforts to judge its city have brought to crudely written manuscript a draft of a novel billionaire, who died on April 5 while being a private jet from Mexico, to Houston for treatment. An autopsy

sfield Orders  
ning Review  
INGTON, May 2 (AP). Secretary Donald said he has ordered the training of recruits armed services follow-leath of a young Marine combat drill.

icated that I personally interested in this subject pect to all services," field said "What I want assure myself that the and approaches that used within the various re satisfactory."

on has been focused the training of Marine s a result of the recent Pvt. Lynn McClure ofexas, who received fatal vices during "motivating" using padded ticks.

is of OPEC End  
ay Conference  
May 2 (UPI).—Economics of the Organization um Exporting Countries d five days of talks, but man declined to say they would recommend price increase to their.

PBC spokesman said as inflation was out of subjects discussed by ts in drafting their dations for the May 27 res conference on Bali, they collated reports of PEC subcommittees, and lobbed natural gas and rice industries."



Associated Press

**BENEFICIARY?**—Melvin Dummer, 31, and wife, Bonnie, talk to reporters about purported Howard Hughes will.

## He Helped 'Old Man in the Desert' Gas Station Man Finds Role As Hughes Heir Is 'Nightmare'

By Bill Richards

WILLARD, Utah, May 2 (WP).—Melvin Dummer, 31, the filling station operator who could inherit millions of dollars from a will allegedly drawn up by the late Howard Hughes, emerged yesterday from seclusion here and said his experience as an heir had become a "nightmare."

"In a way, I kind of wish it didn't happen," Mr. Dummer told newsmen on the lawn outside his three-pump gas station. He was flushed and his voice broke into a sob as his wife, Bonnie, 30, stood behind him.

He said that since he learned Thursday afternoon that he was named heir to one-sixteenth—perhaps \$100 million—of the Hughes fortune, he has been besieged by promoters, media people and others.

"I don't know what's happen-

ing," he said, "I just wish we could get back to normal."

Mr. Dummer's wife said their four children, aged 7 through 14, had been harassed at school Thursday and Friday.

Highway Town of 1,200  
The couple run a small gas station in this highway town of about 1,200, situated 50 miles north of Salt Lake City. Since the existence of the alleged will became known, reporters, sightseers and others interested in the Hughes fortune have arrived here.

Mr. and Mrs. Dummer, who live in a three-room apartment above the gas station, went into hiding there on Thursday but continued to send the children to school. Friday night Ronald Brown, Mr. Dummer's cousin by marriage, arrived here from Los Angeles, saying he had been requested by the family to help. Mr. Brown, 29, said he is a self-employed "investment counselor" and said that he was taking over as Mr. Dummer's spokesman.

Mr. Brown estimated that Mr. Dummer could get \$37 million after taxes if the will were judged authentic and said he would hire handwriting experts to study it. Mr. Brown, who said he has handled "San Diego real estate trusts," said that he already had worked out plans for investing Mr. Dummer's money.

Other sources close to the family said yesterday that the family is deeply divided over how to handle the situation surrounding the alleged Hughes will and Mr. Dummer's portion of the estate. Mr. Dummer, a Mormon, was whisked off for conferences with Mormon leaders here after his press conference yesterday morning.

Mr. Dummer said that he encountered Mr. Hughes only once—and briefly—when, while driving from Gabbs, Nev., to Los Angeles in January, 1968, he picked up a man who identified himself as Mr. Hughes.

'Old Man in the Desert'  
Mr. Dummer said that after he had stopped to go to the bathroom, he spotted "an old man in the desert."

"He was lying on the ground," Mr. Dummer said. "I went over and helped him into the car. There was blood on his neck and on the left side. I asked him what happened and he didn't say anything."

The man asked Mr. Dummer to take him to the Sands Hotel in Las Vegas, Mr. Dummer said. "He asked me my name and he asked if I could loan him some money. I thought he was a wino or a derelict. It just didn't mean all that much."

Mr. Dummer said that the man talked very little during the approximately one hour he was in the car. At one point during the ride to Las Vegas, Mr. Dummer, who was 28 at the time, mentioned that he had applied for a job with Hughes Aircraft. He asked the man if he knew the company. "He said, 'Yes, I own it,'" Mr. Dummer said.

Mr. Dummer said he gave the man a quarter at the hotel. His passenger thanked him and got out of the car.

When he received a phone call Thursday telling him that he had been named in the alleged Hughes will, Mr. Dummer said, "I almost passed out." He said he is still not sure that the man he met by the roadside was the billionaire industrialist. "If, in fact, this was Howard Hughes, I just don't know," said Mr. Dummer. "I thought he was a bum."

## Wiretapping In U.S. Called Indispensable

Panel Says System  
Preserves Privacy

By John P. Mackenzie

WASHINGTON, May 2 (WP).—A sharply divided National Wiretapping Commission has concluded that court-ordered wiretapping has proved "indispensable" in the fight against crime.

The commission, winding up a two-year, \$1-million study, was split 11 to 4 in finding Friday that the system of judicial warrants for wiretaps, created by Congress in 1968, has been effective in catching criminals while preserving individual privacy.

Dissenters argued that, after seven years of authorized wiretapping, very few major criminals had been caught. "Illegal gambling continues to flourish in every major city," and many Americans still do not feel secure from government and private surveillance.

If the 1968 law were repealed or modified, "no substantial impediments would be placed in the way of effective law enforcement," said Sen. James Abourezk, D-S.D., Rep. Robert Kastenmeier, D-Wis., Rep. John Seiberling, D-Ohio, and professor Alan Weskin of Columbia University.

Their views were rejected by the majority of the commission, headed by Justice William Erickson of the Colorado Supreme Court, and including supporters of the 1968 law in and out of Congress.

The law outlawed private eavesdropping and required federal agents, through the Justice Department, to obtain warrants similar to search warrants from federal judges before installing wiretaps or listening devices. It authorized states to establish similar systems, and half the states have done so.

Summarizing reports from federal and state courts and prosecutors, the commission said that 4,324 court-ordered wiretaps and bugs had been installed between 1968 and 1974, of which 957 involved federal agents. Of the 3,377 eavesdroppings authorized by state courts, New York had 1,760, New Jersey 952 and Maryland 147.

The majority determined that several investigative agencies "have now determined to be more selective" in deciding where to eavesdrop and added, "It would be simplistic to reject altogether the propriety of the use of this tool in the gambling area."

Innocent Conversations  
WASHINGTON, May 2 (AP).—The U.S. government's annual statistical report has concluded that what was heard in legal eavesdropping on persons last year, more often than not, was innocent conversation.

The report, issued Friday, was prepared by the Administrative Office of U.S. Courts. It said that investigators overheard nearly a half-million conversations, but concluded that more than 235,000 of them had nothing to do with criminal activity.

Enigmatic Viruses  
At the heart of the matter are the enigmatic viruses that cause the fevers, aches and coughs of influenza.

Public health experts have realized that a markedly new variety of influenza virus sweeps the world roughly once a decade in an epidemic so large that it is called a pandemic—a world epidemic.

A brief outbreak discovered about two months ago at Ft. Dix, N.J., provided a strong hint that another big change in the flu virus may be at hand. This is the swine influenza virus, which has regularly caused flu-like illness in pigs but has left humans alone.

The important thing, according to flu specialists, is that the flu virus outbreak shows that this is a virus that can spread from person to person, and that most Americans have no anti-body protection against it.

After the discovery in February, the nation's leading experts on influenza and vaccine production were called to urgent meetings by the two federal agencies most concerned: the Center for Disease Control in Atlanta and the Food and Drug Administration's Bureau of Biologics in Bethesda, Md.

The result was a recommendation to President Ford for an all-out campaign to make swine flu vaccine available to all Americans. Mr. Ford accepted this and called for a nationwide vaccination effort.

It was the first testing in humans of vaccine against this newly discovered virus that began last week. The first two shots were administered to Dr. Harry Meyer Jr., head of the FDA's Bureau of Biologics, and Dr. Theodore Cooper, assistant secretary for health in the Department of Health, Education and Welfare. Development and production of the vaccine is to be covered by the federal government. The campaign to get it used is to be a cooperative federal-state-local effort.



United Press International

**RIDING HIGH**—The kayak is for shooting the rapids of the Hudson River; the dog, King, is just along for the ride as owner Bob Vittengli checks river's course.

Critics Call It Political, Excessive

## U.S. Flu-Vaccination Program Questioned

By Harold M. Schmeck Jr.

WASHINGTON, May 2 (NYT).—The vaccination program that began last week with ceremonial, but real, shots in the arm for two ranking federal health officials will be larger and more intensive than any in the nation's history.

This huge effort to vaccinate the population against swine influenza was planned on remarkably short notice against a public health threat that is potentially grave, but far from proven. In such a situation, conditions are ripe for debate and polemic.

The objective, announced by President Ford four weeks ago, is a nationwide program to give Americans a shot of vaccine against swine influenza before the flu season starts in the winter.

The reason for the program is that government flu experts believe they may have a more than six-month advance warning of the next major change in the flu virus.

They say it would be foolhardy to ignore such a warning and that delay would make the program irresponsibly too little and too late.

Some critics charge that the warning is unproven and unconvincing and that the national program could be hazardous as well as unnecessary. They see it as a politically motivated exercise in too much, too soon.

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## Thief Tries, Tries, Tries Again And He's Burned, Bitten and Shot

HOUSTON, May 2 (UPI).—The first time a determined burglar hit the home of Dr. James Johnson, he got a \$400 ring. The second time, he was burned with a hot iron and gassed and the third time, he was shot.

Dr. Johnson and his wife, Mary, tell the story this way. Several days ago, Mrs. Johnson returned home from shopping and heard a noise upstairs. A man came running down and escaped out the back door with a diamond ring worth \$400.

The next morning, Mrs. Johnson was home reading when she heard a noise at the back door. She checked and discovered someone trying to open the door. She plugged in an iron near the back door and waited. After a while, the man tried of trying to open the door, broke a windowpane over the doorknob and reached in.

Mrs. Johnson then tagged him with the hot iron and added a touch of tear gas. The man, who came burglar as the day before, ran away screaming and cursing.

Act Three came four days later. Mrs. Johnson was unloading groceries when the same man walked into the house. He pulled a switchblade knife and threatened her.

The family's mongrel dog didn't take to that, so he jumped on the intruder. While the burglar was dealing with the dog, Mrs. Johnson opened a drawer, took out a pistol her husband had bought her during the weekend and fired.

The burglar ran out the back door, leaving a trail of blood, and climbed over the fence.

## House Adds Nearly \$20 Billion To Ford's '77 Budget Request

By Eileen Shanahan

WASHINGTON, May 2 (NYT).—The House of Representatives has passed the budget resolution by a vote of 221 to 155.

The resolution sets a target for federal spending for the coming fiscal year that is \$19.6 billion higher than the total recommended by President Ford but about \$10 billion less than what would have been spent if all present government programs were continued unchanged.

The resolution, a key part of the new congressional budget procedure, is intended to set guidelines that will be considered by Congress throughout the year as it ponders appropriations and tax bills.

In October, a new budget resolution will be passed and the figures it contains will be final and binding. No legislation that would violate the October budget resolution could be passed.

Spending Target  
The House resolution set a spending target of \$415.4 billion for the next fiscal year, which begins Oct. 1. It estimates tax collections at \$389 billion and thus envisions a deficit of \$52.4 billion.

The administration's latest revised estimates put the deficit, under Mr. Ford's proposed program, at \$44.6 billion.

The budget resolution, as passed by the House, also contains a figure of \$454.1 billion for what is known as "budget authority" for the next fiscal year.

That figure includes some funds that will not actually be spent in the next fiscal year but which Congress must approve this year so that legal commitments to future spending programs may be made.

The comparable figure for budget authority in the Ford budget

is \$493.5 billion, or \$22.9 billion less than the House figure.

It is that difference, with its implication of more rapidly rising federal spending in years following next year, that the administration considers to be the most serious difference between its budget and the one that Congress is working toward.

The Senate has already passed its budget resolution, with figures that are somewhat, but not greatly, different from those contained in the House resolution.

The chairman of the House Budget Committee, Rep. Brock Adams, D-Wash., said after the House vote that he did not expect any great difficulty in reconciling the differences between the two bills.

The Senate's resolution sets a spending figure of \$412.6 billion and budget authority of \$464.9 billion. The expected deficit is \$50.2 billion.

The 66-vote margin by which the House approved the resolution Thursday was a surprise to almost everyone. Last year, the spring budget target was adopted by only four votes, and only three Republicans voted for the resolution.

## W. Germany Curbing Workers' Immigration

BONN, May 2 (Reuters).—West German border police are to tighten controls against foreigners crossing illegally into the country, particularly on those believed coming here to work, the Interior Ministry has announced.

Interior ministers from the 11 West German states and West Berlin and Federal Interior Minister Werner Maihofer have agreed to improve cooperation and clamp down on organizations which provide false papers to prospective immigrants.

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Police Call It an Accident

Plot Is Charged in Auto Death Of Greek Opposition Politician

ATHENS, May 2 (Reuters).—The family of the Greek opposition politician and resistance hero Alexandros Panagoulis, who was killed yesterday in a car crash, said today he had been murdered and accused the government of covering up an assassination plot.

Mr. Panagoulis' brother Stathis and family lawyers said at a press conference that a suit had been filed against persons unknown in connection with the death of the 37-year-old liberal parliamentarian.

"Existing evidence so far proves his death was due to a criminal act," a statement issued by the family said.

Opposition leaders also suggested that Mr. Panagoulis may have been murdered, but a police spokesman said: "On the basis of the evidence gathered so far, it is certain beyond doubt that Mr. Panagoulis met his tragic death in a car accident."

The politician was killed when his car hit a wall after he swerved to avoid another vehicle, for which police are still searching.

The family statement said an independent investigation by an Italian Fiat technician showed that Mr. Panagoulis was forced off the road when the other car made an illegal U-turn.

The Greek government has "concealed crucial evidence that supports the existence of an assassination plot against Alexandros," Stathis Panagoulis and the lawyers charged.

The family said investigations would be continued to shed light on "many dark and unexplained points of the case."

They linked Alexandros Panagoulis' claim to have secret archives detailing the activities of



Alexandros Panagoulis

the Athens security police under the regime of the colonels and "existing evidence so far" about his death as proof that he had been deliberately attacked.

Opposition leaders George Mavros and Andreas Papandreu have also supported the theory that Mr. Panagoulis may have been murdered.

Mr. Papandreu compared his death to the 1963 assassination of a leftist member of parliament, Grigoris Lambrakis.

The opposition is expected to try to make political capital out of the affair by accusing the government of having failed to purge the armed forces and police of pro-junta elements.

Mr. Panagoulis died as he drove along the same Athens coastal road where he tried to assassinate the former junta leader, George Papadopoulos, in 1963. He was sentenced to death but later reprieved.

Athens police said investigations had shown that Mr. Panagoulis died instantly in the crash. According to autopsies, the alcohol level in his blood was lower than the legal limit.

The police said that the other car in the incident was being driven in front of Mr. Panagoulis. When it slowed to make a left turn, the politician's car left the road and smashed into the wall of a workshop, two witnesses testified.

U.S. Agency Urges Congress Shut 2 Radios' Europe Bases

By Richard M. Weintraub

WASHINGTON, May 2 (UPI).—The General Accounting Office (GAO) has recommended that Congress consider closing all or part of the European operations of the two U.S.-run radio stations broadcasting to Eastern Europe and the Soviet Union.

A draft report by the agency deals with several issues that observers expect Congress to raise about the stations, Radio Free Europe and Radio Liberty, which have been the subject of controversy since disclosures in 1971 that they were funded by the CIA.

The radios, which broadcast in 25 languages to five Eastern European countries and the Soviet Union, have recently been targets of Communist countries. The stations also have had difficulties with the renewal of leases for transmitter facilities in Spain and Portugal.

Those who favor keeping the radio facilities in Munich and who have seen the draft report by the congressional oversight agency argue that the agency approaches the issue from too narrow a financial perspective, ignoring far-reaching foreign policy implications.

Concession Seen

They argue that closure of the Munich operations would be viewed as a concession to Soviet pressure and as an expression of U.S. unwillingness to maintain a strong presence in Western Europe.

Those views are expected to be outlined in response to the GAO report by the two stations and their oversight agency, the Board for International Broadcasting.

The GAO report, to be released soon, said that it "would be economically and technically feasible to perform most programming activities in the United States."

It cites a potential saving of more than \$4 million a year.

The study also says that such a move "could provide a unique opportunity to rejuvenate the staff as well as to restructure the organization," problems with which the radio management has been wrestling in recent years.

Some Recommendations

The GAO report also recommends:

- Changes in pay structures at the radios, charging that present practices are "inequitable" and "outdated."
- Further cutbacks in personnel through consolidation of some operations and more efficient management of others. Cutbacks since 1972 have eliminated almost 600 positions.
- Changes in broadcast priorities, citing instances where language areas that rank high on State Department priority lists receive less broadcast time than language areas that rank lower.
- More clearly defined oversight responsibilities for the Board for International Broadcasting.

The CIA funding of the two radios was discontinued and the board set up in 1971. Since then, the radios have been funded through congressional appropriations.

Vacationers Take Store For a Ride

COPENHAGEN, May 2 (Reuters).—A leading chain store is having second thoughts about a special-offer holiday in Madeira that it awarded to 700 customers.

The customers were invited in an advertisement to pay 20 per cent of the cost of the holiday, with no obligation to cover the 80-per-cent balance if they did not enjoy their trip.

The director of the firm, food store chain, Borge Olsen, says he is still waiting for the 80 per cent from about half of the 700.

"Quite clearly many people went to Madeira at our expense without the slightest thought of ever paying the rest," Mr. Olsen said.

Obituaries Johan Willem Beyen, Leader In Forming Common Market

NEW YORK, May 2 (UPI).—Johan Willem Beyen, 78, one of the major architects of the European Economic Community, died Thursday in The Hague after a brief illness. He had been living in the south of France since his retirement a few years ago.

Mr. Beyen, a financial adviser to the Netherlands since 1940, was something of a prodigy. After receiving a degree in law at the University of Utrecht in 1918, he joined the Ministry of Finance and then, in 1926, became co-manager of the Amsterdam branch of the Janszoon Bank.

For three years, 1937 to 1940, he was president of the Bank for International Settlements (World Bank) in Basel. He left in 1942 to become financial director of Lever Brothers and

Unilever, Ltd., in London. After World War II, he spent with the Dutch government-in-exile in London, came a director of the Bank and of the International Monetary Fund in Washington.

On his return to the Netherlands in the early 1950s, he joined the EEC negotiations. In September, 1957, he named minister of Finance, serving under Willem Drees and Jozef Luns, minister of Finance, in sharing responsibility for foreign policy.

He took part in a number of monetary conferences, including the one at Bretton Woods in 1944. His last major post as Dutch ambassador to

Sidney Franklin

NEW YORK, May 2 (UPI).—Sidney Franklin, 72, the 1930s-born matador, died at the Village Nursing home where he had lived for seven years; it was learning today.

Mr. Franklin was born in the fifth of 10 children of Russian-Jewish immigrants. He was a student at the University of California, Berkeley, where he became a commercial artist, and then in New York City to open a gallery.

On seeing his first bull there, he immediately became an apprentice to Rodolfo Chacabarro, a Mexican matador. In 1934, he made his debut in the arena.

He reached his peak as a top headliner in the Plaza de Toros, as well as a major attraction in Mexico and South America in the 1950s, he fought bullfighting, devoting his life to running a bullfighting near Seattle.

Guy Gabrielsen

MANTOLONGKING, N.J. (UPI).—Guy Gabrielsen, 84, the Republican national chairman from 1952, died yesterday at Pleasant Hospital. He over the 1952 election which Dwight Eisenhower nominated for his first president.

Bea Johnson

KANSAS CITY, Mo. (UPI).—Bea Johnson, a well-known radio, television and newspaper columnist died today of cancer.

Mrs. Johnson was for 30 years for her radio and television broadcasts in Kansas City. She did a daily column, "Bea Johnson's Home."

She received 12 awards for radio and television last year, as co-chairman Johnson County Cancer Society helped raise the amount of money in the history of the county.

Turkish Tribune Acquits Four Lockheed Cases

ANKARA, May 2 (UPI).—A military court has acquitted four Lockheed cases. The court found no evidence that the four men intended to pocket money received from a Lockheed subsidiary as a bribe.

The money, from the firm Airtalia, which at key 40 Lockheed jet fighters discovered in a safe at headquarters by a special mission investigating that senior Turkish official bribed by Lockheed.

Air Force accounts of money had been spent on Lockheed jet fighters, where more than 30 sons died in an air crash September, 1974. The court said the money was spent on completion of the sale.

Canada Signs Agreement

OTTAWA, May 2 (UPI).—Canada has signed an agreement to buy 100 submarines from Lockheed Aircraft Corp. The agreement is the first major contract since the company's takeover by Lockheed.

Argentina Ousts Swiss

BUENOS AIRES, May 2 (Reuters).—Swiss journalist Luc Baudet, 29, left Argentina Friday for home after being expelled for alleged "activities against the security of the state."

U.S. Affirms Moscow Beams Curb Its Surveillance Devices

By Bernard Gwertzman

WASHINGTON, May 2 (UPI).—Continued Soviet beaming of microwaves at the U.S. Embassy in Moscow has prompted U.S. officials to curb its surveillance devices.

Soviet Ambassador Anatoly Dobrynin is expected to return to Washington soon. High on the list of topics he is expected to discuss with U.S. officials is the microwave beaming. The issue has become highly controversial in recent months after Secretary of State Henry Kissinger authorized that the U.S. Embassy staff members in Moscow be privately informed of the microwave activity.

Denials Cited

Administration officials assert that the Russians have never told them directly why they are aiming microwave beams at the embassy building. In fact, until this year, Soviet spokesmen denied even in private that such activity was being carried out.

Recently, U.S. officials said, Soviet sources have suggested that the microwaves were intended to block eavesdropping equipment that has been used to monitor Soviet communications for years.

It is also possible, officials said, that the beams might be used to induce illness or to somehow activate or recharge bugging devices within the embassy. But this, the officials said, is given "very low probability."

9 Killed in Burma Clash

RANGOON, May 2 (Reuters).—Government troops, backed by air and artillery support, killed nine rebels and seized large quantities of heroin and opium during clashes in eastern Burma, the official Burmese news agency reported yesterday.

Albania Reports Internal Enemies Were Dismissed

VIENNA, May 2 (Reuters).—Albania's hard-line Communist leadership has reported it had uncovered a group of traitors who wanted to wreck the country's alliance with China and re-establish ties with Moscow.

Party leader Enver Hoxha said on Friday that unnamed "internal enemies and traitors" had been discovered. "We have denounced them and swept them away," he said.

The disclosure provided the first apparent confirmation of foreign reports that Albania had passed through a period of severe internal dissension, involving widespread purges, since 1974. Mr. Hoxha, 67, said the traitors were enemies and revisionists.

Albania's government news agency, ATA, said Mr. Hoxha announced that Agriculture Minister Piro Dodbibi and Education and Culture Minister Thoma Deliana had been dismissed in the last few days for serious mistakes. The report did not explain whether the two were connected with the anti-Chinese group.

Eight senior officials, including three Politburo members, are known to have been purged during the last two years.

'76 Death Toll at 319 In Argentine Violence

BUENOS AIRES, May 2 (UPI).—Three suspected leftist guerrillas were killed during an attempted jail break, bringing the death toll to 319 this year in Argentina's political violence, an official communiqué reported.

The toll includes 130 persons killed since March 24, when the armed forces overthrew the government of President Isabel Peron. The attempted jail break occurred in Cordoba, 440 miles northwest of Buenos Aires, on Friday night.

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## Conciliatory to Moscow

## Sadat Urges Syria to Renew N Mandate in Golan Heights

By Henry Tanner

CAIRO, May 2 (AP)—President Anwar Sadat made an appeal to Syria yesterday to renew the mandate of United Nations peace-keeping forces on the Golan Heights. The mandate expires at the end of the month.

Mr. Sadat also seemed intent on mending his strained relations with the Palestine Liberation Organization. Recent municipal elections in the Israeli-occupied West Bank of the Jordan River, he said, amounted to a declaration by the Palestinian population that "there is no substitute to the PLO as the sole representative of the Palestinians."

"This is a message to Israel and to King Hussein and to those who connive with him to impose a ruse over the Palestine liberation movement," he said.

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ELDERLY EL—The Wuppertal, West Germany, suspension railway is 75 years old this year and the city plans a week-long celebration with 1901 tickets and fares.

## Victim Tried to Dismantle Border Weapon

## East Germans Slay Man in 'Death Strip'

BONN, May 2 (AP)—East German soldiers shot and killed a 33-year-old West German workman who infiltrated the Communist border "death strip" to dismantle an automatic shooting device, the Bonn government reported yesterday.

The Ministry of Inner German Relations identified the victim as Michael Gartenschlaeger, a former East German political prisoner. He was leading a personal campaign against the anti-refugee guns erected by the Communists along the border dividing Germany.

Mr. Gartenschlaeger was shot by Communist guards during a border foray with two companions near Luebeck. His companions retreated to safety.

Mr. Gartenschlaeger had previously removed one of the guns and triggered another during two border forays in late March near the Baltic port, West German news media reported.

Egon Franke, minister for Inner German Relations, condemned the shooting as a "very serious incident" but said the attempt to remove the gun involved an "irresponsible risk." Bonn formally protested the shooting to the East German government.

The border device involved is a kind of shotgun fired by contact with wire, spraying shot at about the height of a man's waist. It is used by the Communists to suppress their minefield along the border with West Germany.

Mr. Gartenschlaeger caused a sensation recently when the West German news magazine Der Spiegel reported his account of how he had dismantled one of the devices without it going off.

That was his second attempt. The incident brought to light by Mr. Gartenschlaeger's third attempt at putting such a device out of action.

Examination by Western experts of the device Mr. Gartenschlaeger had brought back revealed that it contained 90 "sharply edged iron pellets" propelled by an explosive charge of 102.4 grams.

According to the account by Mr. Gartenschlaeger, he had been working on the device for several hours when he was discovered by the guards.

Mr. Gartenschlaeger was shot by Communist guards during a border foray with two companions near Luebeck. His companions retreated to safety.

Mr. Gartenschlaeger was shot by Communist guards during a border foray with two companions near Luebeck. His companions retreated to safety.

## After Widespread Activism of 1960s

## Heidelberg Students' Crusade All but Dead

By Henry Kamm

HEIDELBERG (AP)—Church bells still toll each quarter hour from Gothic towers throughout this picture-postcard town, complete with gabled houses on narrow streets and castle ruins on a hill. The swans still float serenely on the Neckar River, undisturbed by the rowers of the university team.

Perhaps there are no more student princes, but there is enough beer drinking and singing in the smoke-stained student taverns to give residual validity to the romantic image of Heidelberg, the quintessential German university town of opera and legend.

But the walls of the university—whose buildings are scattered throughout this town, which emerged miraculously unscathed from World War II—are smeared with the slogans of the student war against the faculty, capitalism and imperialism. The rector's office is accessible only through a bell-and-intercom security system.

Students, who make up about one-seventh of the population of 130,000 in one of the most conservative towns in one of West Germany's most conservative states, are walking proof for a thesis that there is no fabric but denim, and there is more than the usual German quota of shops offering performances and parades of the more arcane regions of sexual activity.

Movement Called Dead Heidelberg bears the outward marks of the vigor of the student movement of the late 1960s. But on four days of interviews with students, faculty members and townspeople, all agreed that the movement was dead.

The extreme left is so extreme that they can be nobody's partner in conversation or coalition," said Prof. Rolf Rendtorff, a 50-year-old theologian. As rector of the

university until 1972, he is accused by conservatives here of having constantly ceded to leftist demands and therefore of bearing heavy responsibility for what they consider the decline of Heidelberg.

The issue is expected to be exploited against Prof. Rendtorff in next autumn's parliamentary election campaign, in which the professor of the Old Testament will run as a Social Democratic candidate.

The bulk of the nonextremist students, Prof. Rendtorff said, "live as though the student movement had never existed." In an analysis echoed by many others, the theologian said Heidelberg students in their great majority had relapsed into passivity.

Christian Wolff, a principal student leader at the height of the movement and now, at age 26, serving as the former rector's campaign manager while completing his theological education, said student resignation took two forms. One, he said, is the aggressive excess of the extreme left, which springs from the same sense of futility as does the second, the passivity of the majority.

Standards Toughened From all factions of the political spectrum, the same reasons were cited for the decline in student political activism. The principal explanation was that there had been a marked tightening of academic requirements, combined with a worsening of economic conditions and therefore of the job market.

With democratization and the rise in general prosperity of West Germany, demands for higher education have been steadily growing.

The result has been a tightening of admission standards and a requirement that studies be finished in a set time, mainly four years, with frequent interim exams.

West German students pay no

fees in the entirely state-run university system and those unable to support themselves through their families can get up to about 500 deutsche marks (\$200) a month in government stipends. But the rising cost of living is hard on many, and part-time or vacation jobs are harder to find.

Job Competition Above all, students in a society that for as long as most remember has provided full employment now find themselves in tough job competition, with more qualified candidates and fewer jobs.

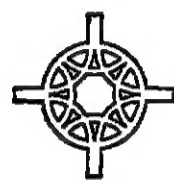
"Everybody now feels that the student who starts his studies with me is my competitor," Mr. Wolff said.

"The big thing now for most is securing your future," said Wolfgang Gurth, a law student. Political reasons also contribute to the dampening of student ardor, Julius Schmidt, a student of German literature, leader of the Young Socialists and chairman of the student executive, said.

"We have had the Socialists in power since 1949 and we discovered that nothing changes. Our frustration is great. We have lost not only confidence in the Social Democrats but in any government. We want a form of society with more equality, more freedom and not just formal bourgeois freedom."

The so-called "radical" edict, which bars from the public service those said to be active against the democratic order, has discouraged many for fear of getting their name on a police file.

Significantly, no rightist radicalism has accompanied the extremism of the left even at its height, as it has in other European countries. "For that we are too much the burned child in Germany," said Dr. Hubert Niederlander, the present rector.



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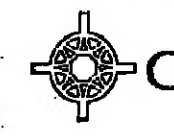
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## Murky Water Dims Role of Nude Bathers

OXFORD, England, May 2 (Reuters).—Oxford's water supply has been censored three girls swimming naked in a glass tank on stage at a sex farce.

When the tank was filled at the Oxford Theatre, the water immediately became cloudy, and the audience complained that it could not see as much of the girls as it had paid to see.

An expert from Oxford University's department of inorganic chemistry said that calcium carbonate in the city water supply caused the murkiness. So the water was drained and the tank was refilled. But the cloudiness returned.

A theater spokesman said: "We could put snails in the water to clear it. But I don't think the girls would like it."

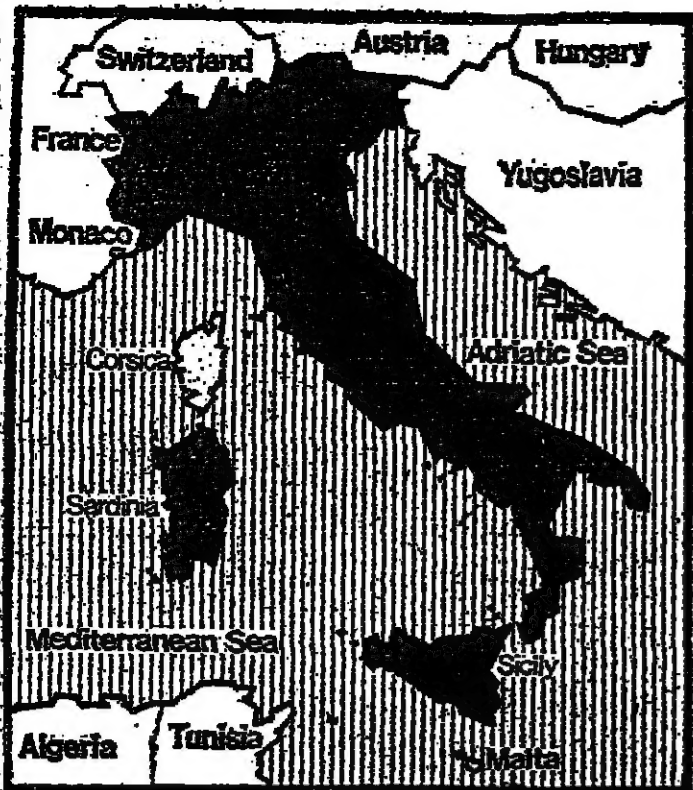
## Security Council Chief

UNITED NATIONS, N.Y., May 2 (UPI).—Ambassador Louis de Guiringaud of France became president of the Security Council yesterday, succeeding Ambassador Huang Hua of China in the monthly rotation in alphabetical order of the names of member countries.









*The thing is bigger than we. It isn't just the fact that Italy happens to have some of the most ravishing landscapes in the world... The biggest hold Italy continues to have on us is the Italians.*

## Why Foreigners Stay in Spite of The Disturbances

By Claire Sterling

ROME (IHT).

IF ITALY is really going to the dogs, as everybody keeps saying these days, what are we all still doing here? By we, I mean the thousands of foreigners who've been living it up in this country for years: well-wined and dined, housed, served, sunned, indulged and, on the whole, elaborately well-treated. The truth is that in spite of uncollected garbage and undelivered letters, trains that don't run on time, hideous traffic jams, strikes without end, prices that look murderously high to anybody who hasn't passed through Paris or Geneva lately, and a political mess perhaps past saving and certainly past understanding, a lot of us still can't help liking it here.

THE THING is bigger than we. It isn't just the fact that Italy happens to have some of the most ravishing landscapes in the world, man-made and otherwise. Nor is it merely a matter of bodily solace from all that sun, wine and edible food—this last, alas, no longer as wonderfully edible as it used to be, but even now well up to scratch. The biggest hold Italy continues to have on us is the Italians.

FOR ALL their mixed and often maddening qualities, the Italians are easier for a foreigner to live with than almost any other people I've come across on four continents. They may break ranks with treacherous agility in the post office or at a taxi stand to get ahead of the other fellow, they may cut a sorry figure compared, say, to the Swiss when it comes to municipal neatness, upright public administration and banking dexterity, they may tend to have a superstitious dread of fresh air in train compartments, a compulsive need to talk to fellow-passengers instead of retreating decently behind a newspaper, an unconquerable aversion to any kind of food they haven't been eating all their lives, a manic passion for driving at top speed on superhighways, an invincible sense of outraged self-righteousness when and if they crash into somebody else's car, a congenital inability to feel a personal sense of guilt about anything, still less own up to it, and an incomparably less sentimental view of their fellowman, foreign or otherwise, than legend gives them credit for. But, or and, they are still a remarkably easy people to live with.

WHAT IS far more important in these trying times, though, is the "arte dell'arrangiarsi" for which Italians are justly famous: the art of arranging oneself—surviving, that is—under impossible circumstances. Time and again in the 20-odd years I've lived in Rome, I've marvelled at the resilience, elasticity and resourcefulness of Italians who have managed somehow to make out in, or get out of, impossible political and/or economic situations. The fact that so many of them are so good at it has been self-defeating in a way. Italy's ruling politicians would probably never have dared to do so little for so long about urgent and elementary reforms if they hadn't taken it for granted that the electorate was bound to "arrange itself," however lackluster its government.

TO CONTINUE taking that for granted has become a pretty risky proposition by now. Even a population whose gifted instincts for survival have kept Italy going for three millennia might conceivably crack under the political, economic and social strains piling up here over the past decade. Sensing that, quite a few of Italy's old expatriate crowd are packing up and clearing out. But quite a few are staying, come what may, not only because of their enduring faith in the celebrated Italian "arte dell'arrangiarsi" but also in the hope that after prolonged exposure, some of it may have rubbed off on them.

# FOCUS ON ITALY—1976

## Both Principal Political Blocs in Italy Fearful Of Outcome of the Coming General Elections



A portent? Italian Communists cheering and waving their clenched fists in celebration of their sharp gains in the local elections of 1975.

### Leftists Hesitant on Victory With Unforeseen Reactions

By Ninetta Jucker

ROME (IHT).—In the wake of the resignation Friday of Premier Aldo Moro's minority Christian Democratic government, it seems almost certain that June 30 will be selected as the date for the early national elections.

There is reason to expect that, in the voting, the Communists will outstrip the Christian Democrats as the biggest party in the country and that together the parties of the left—Communists, Socialist and the neo-Trotskyist PDUP—will overshoot the dreaded 50-per-cent mark.

Forecasts put them at 50.5 per cent but that was before the latest and most disconcerting developments of the Lockheed affair. Neither the Christian Democrats nor the Communists want an election this year; 1977, the normal term of this parliament, would be soon enough for both. The Christian Democrats, whose elaborate political calculations have been upset by the Lockheed scandal and by the monetary crisis, have reason to fear a defeat. The Communists fear they may do too well and provoke a series of internal and external reactions whose outcome is anybody's guess.

#### Socialist Decision

The mistakes and the complicated political maneuvers which have made this denouement inevitable can be traced back to the Socialist party's decision to pull out of the previous government majority in January.

But the original event which sparked off a chain of happenings that have shaken Italian politics out of what seemed a permanent rut was the local elections in June.

These confirmed the impression made a year earlier by the referendum on divorce and the regional elections in Sardinia of 1974, that the Christian Democrats were losing ground.

June 1975 is a watershed in Italian affairs. Today Italians use the expression *Quindici Giugno* to denote a new distribution of power. The local elections that year showed that the Christian Democrats had fallen from 38 to 35 per cent of the vote and the Communists were on their heels with 33 per cent.

Socialists and Communists together mustered 45.5 per cent. More devastating than this for the Christian Democrats was the fact that they had lost control of several important regions (Piedmont, Lombardy, Campania) and of all the big towns where voting took place.

#### Vatican Fears

Milan, Turin, Genoa, Naples, even Venice had gone "Red." In Rome the Christian Democrats still held the Campidoglio but that was because municipal elections in the capital are reserved for a later date. They are in fact due this June but will presumably be deferred because of the general election.

The idea that Rome may fall to the Reds—as it assuredly will at the next vote—fills the Vatican with dismay, and pressures have been brought to bear by the Catholic hierarchy on the Christian Democrat leaders at all costs to avoid a showdown in Rome.

At that time—that is, before the monetary crisis in January and the Lockheed affair—both the Vatican and the Christian Democrats preferred the idea of a general election, for which they hoped to rally moderate Catholic opinion on the anti-Communist platform, to municipal elections in Rome, where the tale of local misgovernment is too long and too dismal to be told.

#### Attitude Reinforced

This attitude was strongly reinforced by the fact that, in the meantime, the abortion dispute had developed into a first class political issue and the only possible way to avoid a referendum on abortion—which has in fact been called for June 13—was to dissolve Parliament ahead of schedule. This means that, under the Constitution, the referendum must be postponed for two years.



Giovanni Leone, President.



Aldo Moro, Premier.



Enrico Berlinguer, Communist party chief.

The loss of the big towns and several regional governments was a crushing blow to Christian Democrat prestige. The Christian Democrats have been the dominant party in government since December, 1946. Their electoral power dates from 1948 when they polled 48 per cent of the votes. Sociologically the Catholic party's voting strength derived from the farmers and from the women. In three decades the farming community has diminished enormously.

More than 4 million people have left the country for the towns. Signor Bonomi's organization of farmers is still a Christian Democrat voting stronghold but its power is nothing to what

(Continued on Page 3)

### Recovery Abroad Is a Key Element

## Lira's Devaluation Encouraging to Exporters

ROME (IHT).—Italian exporters look forward to seeing business expand as a result of de facto devaluation of the lira. Even last year goods and services exported from Italy increased 3 per cent against an overall drop of 6 per cent in world trade. This season it is hoped that an exchange rate hovering around 900 lire to the dollar will bring more tourists to Italy than all the indulgences of Holy Year.

Such benefits, however, depend as much on recovery in other countries as on what happens here. Last year, for instance, the gains from tourism were partly offset by the return of some 30,000 Italian workers from Germany and Switzerland. In worldwide inflation the advantage to the payments balance of devaluing the lira cannot last very long. Three to five months, they say at ISCO, the institute which puts out a quarterly report on the terms of trade. After that the higher cost and greater volume of imports needed to feed the export drive will make themselves felt.

Italy is more vulnerable than some other Western countries because, in addition to meat, it imports most of its fuel and raw materials, and a large part of its industry is geared to finishing semimanufactured imported goods. ISCO foresees an acceleration of the vicious spiral—exports, imports, inflation.

It attributes the collapse of the lira in January to the spate of imports called in to replenish stocks after the austerity measures of 1973. The same thing, it fears, may happen now, only

faster. Meanwhile, industrial output began to pick up in December (1.5 per cent) and reached 2.9 per cent in February, compared to February, 1975.

#### Losing Ground

On paper, the plight of the Italian economy hardly looks different from that, say, of Britain. Like most industrialized countries, Italy lost ground economically in 1975 for the first time since the end of World War II. Its gross national output dropped 3.7 per cent (to a total of 112,358 trillion lire). Industrial output fell 9.7 per cent; total investments 24 per cent, and

fixed investments 12 per cent. The indebtedness of the administration rose from 5.7 trillion lire in 1974 to 12.4 trillion. This was mainly due to the vast increase, both absolute and proportional, of the amount of resources applied to salaries, pensions and the health service.

Unemployment increased to a level estimated at 1,100,000, while 700,000-800,000 people are estimated to be underemployed (working less than 30 hours a week).

Industrial capacity is being used at best at 70 per cent of capacity, more often around 60 per cent, and there has been extensive recourse to the unique

Italian institution of the Integration Fund. This is a fund financed mainly by employers and used to keep laid-off workers temporarily on almost full pay. The number of working hours for which the Cassa integrazione paid compensation doubled in 1975, from 156 million to 345 million. To complete the picture, it must be added that prices rose 18 per cent in 1975 and real wages 20 per cent.

In the context of world recession these figures are not outstanding. Industrial output decreased more sharply, for instance, in Belgium. What makes the situation here dramatic is the

(Continued on Page 10)

## National Energy Plan Is Blocked By Political, Economic Problems

By Giorgio Fabri

ROME (IHT).—Although Italy ranks among the world's eight foremost industrial nations, it is second only to Japan in its dependency on other countries for its sources of energy, particularly petroleum. The relative stabilization in the cost of raw materials, the decline in imports (—6.1 per cent) and the expansion of exports (14.8 per cent) combined to improve Italy's trade balance in 1975, when the deficit dropped from 6.29 trillion lire in 1974 to 2.34 trillion. The determinant factor in the deficit was the heavy liability sustained by the petroleum sector (—4.755 trillion, down from 5.139 trillion in 1974).

Sparked by the petroleum crisis, the economic crisis called for an overall reduction in the consumption of energy. It also modified to some extent the structure of consumption itself, notably the growing trend toward the use of natural gas, which reached the quota of 23 billion cubic meters, 14 per cent higher than in 1974. Petroleum consumption, on the other hand, decreased from 102 million TEP (tons petroleum equivalent) in 1974 to 94 million TEP last year, mainly because of the slowdown in the country's industrial activities which led to a drop in the consumption of combustible oil. Nevertheless, the essential impor-

ance of petroleum to the Italian economy diminished only slightly, accounting for 70.1 per cent of its energy requirements in 1975, with natural gas contributing 13.2 per cent of its needs, primary electric energy (water power and nuclear power) 8.5 per cent and solid fuels 8.2 per cent.

#### Urgent Plans

This state of affairs clearly demonstrated the immediate urgency of a national energy program drawn up by the Ministry of Industry in July 1975 to help solve the problems of the nation's energy supplies, with particular emphasis on the development of nuclear energy. A long-term strategy not designed to bear positive results before 1982, the program is intended to overcome the formidable imbalance which now exists in the methods used to supply energy, over 70 per cent of which comes from petroleum. The program also puts forth suggestions for all matters concerning the coordination of activities and the distribution of roles assigned to the various public corporations functioning in this sector, ENEL, ENI, CEN, IRI.

Moreover it seeks to solve the problem of a nationally directed energy policy with the proposal that a new High Energy Commission be set up, to report directly to the Council of Ministers, Pre-

mier Aldo Moro promised a parliamentary debate on this energy program after it was readied last summer. Nearly a year has passed, and the political stalemate, the country's economic problems and the likelihood of a general election in the near future, threaten to delay parliamentary action on the issue indefinitely.

The program foresees that the quota for petroleum consumption for energy in Italy will drop from 70.1 per cent to 65-67 per cent in 1980 and 55-60 per cent in 1985, thus reversing the trend that brought Italy's dependency on petroleum up from 33.6 per cent in 1955 to 75 per cent in 1973.

In any case, this source of energy will continue to maintain its preeminence for a long time to come. In view of this inevitable situation, experts stress the need to establish new agreements with the oil-producing countries where Italy would contribute to their development in exchange for petroleum. Italy could offer them capital goods, consumer goods and help in planning and building extensive infrastructures. Under such a supply policy ENI should act as Italy's top representative.

The plan proposes a more rational distribution of oil refineries throughout the country to avoid the waste in costs that

(Continued on Page 9)

### This Section

This supplement was prepared by Ninetta Jucker, with the participation of Claire Sterling of the International Herald Tribune, and George Armstrong, Paul Cooper, Giorgio Fabri, Giuseppe Linzari and Livio Magnani.

The lira had a value of close to 900 to the dollar as of Friday.





# Both Leading Political Blocs Unhappy as Early Elections Loom

(Continued from Page 7)

it was. As for the women, the divorce referendum showed that a big change in the traditional attitudes of Italian women had taken place.

Today things have gone a great deal further. The women's liberation movement may be divided between a great number of organizations and groups, some of them possibly more eccentric than others, but together they form a movement of undeniable political importance. The women of Italy are engaged in a tremendous battle not only for free abortion but for contraception centers, sexual education, assistance in sex problems as well as for equal rights in the factory, in the office and in the home.

## Repressive Taboos

They are a force to be reckoned with for they have succeeded in overturning some of the most repressive taboos of a once rural Catholic society. The spearhead of the movement is radical but the Socialist party has also taken up the women's cause, more, at first, out of political opportunism than from conviction, but the conviction is gaining ground.

The pressure which the women can exert is considerable and often goes against traditional party lines.

A case in point is the revolt of the *Unione Donne Italiane*, the big Communist women's organization, against the party line on abortion which was much nearer to the Catholic than to the Socialist position in favor of complete freedom for the woman to decide.

## First Job

These sociological changes are the main reason why the Christian Democrats are losing power. Their losses in the local elections last year were also due in part to the fact that, on the very eve of the election, the voting age was lowered from 21 to 18 and this at a time when the young people were already suffering from the difficulty of finding jobs.

The problem has, of course, grown a great deal worse since then. With the recession there are today probably close to half a million youngsters in Italy looking for a first job.

As their natural electorate

shrinks, the Christian Democrats have redoubled their efforts to maintain their political hegemony through patronage. A system of government based on favors and clientelism is bound to be demoralizing and corrupting. In Italy the system has deteriorated along with the country's declining prosperity.

In fact the two phenomena are linked together in an inextricable chain of cause and effect. The party and its factions, each of which is a power center and a dispenser of patronage in its own right, came to rely more and more on the financial strength and patronage possibilities of the big state corporations which control the public sector of industry.

The result has been inefficiency and corruption and the development of a monstrous "pay jungle" of privileged stipends.

IRI, ENI, IMI, ENEL, the Cassa per il Mezzogiorno, all the great "ent" have been turned to this use. The monetary debauch threatens the collapse of the entire system and is the main factor in the Christian Democrat party's disarray. It is certainly no coincidence that the Lockheed scandal struck into the very middle of this system.

## Main Channel

Scandals apart, it is obvious that a political power system based on favors is doomed to collapse if it loses control of local government, since this is the main channel through which the whole network operates.

Despite these changes are irreversible (which, failing an externally promoted rightist coup they must surely be), it is clear that the Christian Democrat party can never be again what it was.

But that is not to say that there is no room in Italy for a big moderate Catholic party with a normal healthy relationship with its electorate rather than a pathological rapport. The need for such a party is deeply felt in the Catholic electorate, as appears from the extraordinary popularity won by Signor Zaccagnini in the first months of his secretaryship of the party, right down to his reelection by acclamation at the party conference in March. Mr. Zaccagnini was trying to give the party a new image and a new type of political leadership.

*The women of Italy are engaged in a tremendous battle not only for free abortion but for*

*contraception centers, sexual education, assistance in sex problems as well as for equal rights in*

*the factory, in the office and in the home. They are a force to be reckoned with, for they have*

*succeeded in overturning some of the most repressive taboos of a once rural Catholic society.*

He appealed behind the faction leaders, directly to the party's rank and file. But he underestimated his opponents and his very popularity with the ranks spelled his doom.

## Faction Leaders

The faction leaders were out to destroy him and he was betrayed at the last by Premier Moro, the very man he had sought to help. It was Mr. Moro who proposed and carried the election of Amintore Fanfani as president of the party's National Council three weeks after the party conference had elected Mr. Zaccagnini to the secretaryship. Doubtless Mr. Moro did this to save his government in extremis.

The party, since its conference, is divided almost equally between the hawks who follow Mr. Fanfani and the faction leaders Piccoli, Forlani and Andreotti, and the doves who fluster somewhat timidly behind Mr. Zaccagnini. Mr. Fanfani, who was turned out of the party secretaryship in July in consequence of the poor results obtained under his leadership at the local elections, maintained, then as now, that the party has nothing to be ashamed of and nothing to change, that it must stick to its right anti-Communist platform and keep faith with the 12 million voters who want it to stand as the defender of law and order, the bulwark of the silent majority.

As the prospect of a very difficult election draws near, the faction leaders evidently feel safer with a tough little fighter like Mr. Fanfani than with the honest but rather doleful Mr. Zaccagnini.

In this drama the role played by the Socialists is fundamental. At the local elections June 15 the Socialists expected to do better than they did. They felt they had pulled the chestnuts out of the fire for the Communists to gobble them up, and they panicked at the idea of being crushed between two giants, the Christian Democrats and the Communists.

## Disdain Professed

Although the Christian Democrats professed to disdain the historical compromise pursued by Enrico Berlinguer, the Socialists had reason to believe that the government of the day—a two-party administration headed by Mr. Moro and the Republican party leader and supported in Parliament by the Socialists and the Social Democrats—was secretly negotiating Communist support for its economic program behind the backs of the Socialists whom it seldom bothered to consult.

In this way the Socialists were getting the thin end of the stick for at election time they would be held responsible for the government's unpopular measures while the Communists, who were in fact keeping the government in power, would keep their hands clean. In January the Socialists forced a crisis over the government's economic measures which the Communists had been ready to discuss.

They then said they would not participate in a government with the Christian Democrats unless the Communists were in some way associated with the majority. Later they went so far as to say

they would partake in no government unless the Communists were in it too. But in spite of all this brave talk the Socialists took fright when the lira collapsed and eventually supported Mr. Moro's one-party minority government by abstaining.

That was in February, but a few weeks later the quarrel between the Socialists and the Christian Democrats broke out again over the government's economic policy, the credit squeeze which is driving small firms out of business, and the new taxes which hit the car industry and sent up prices on first-necessity consumer goods.

Simultaneously the abortion dispute flared up again as the parties tried to work out an agreement on the new abortion law which, if rushed through in time, could have staved off the referendum.

## Breach Impinged

At this point the breach in the Christian Democrat party impinged on the situation. The hawks took their revenge on the doves. Piccoli, leader of the Christian Democrat deputies, rushed through an amendment to the abortion bill making abortion a penal offense not punishable in case of physical danger to the mother or when pregnancy was the result of rape.

The amendment passed with the votes of the Christian Democrats and the neo-Fascist MSI. This was throwing the gauntlet at the Socialists and indeed at the entire "lay" alignment (Liberals, Social Democrats and Republicans). The gesture also angered the PCI, which was working for a compromise with the Catholics on controlled abortion. Other gestures of defiance followed. Mr. Moro reinstated Prof. Petrilli at the head of IRI in spite of his discredit over the Crociani-Lockheed affair. He had already pulled a fast one on everybody by rushing through the election of Mr. Fanfani to be president of the party. This was really part of a palace intrigue to forestall Mr. Andreotti, who expected the presidency and would certainly have intrigued to get Mr. Forlani into the premiership in case of an election. The object being, of course, to strengthen the conservative anti-Communist image of the party.

Politically the situation had become untenable. The lira continued to fall. The battle between employers and unions for the wage contracts in some of the country's biggest industrial sectors was becoming envenomed.

The Leyland Innocenti had collapsed and dozens of other important industries were on the rocks.

Acts of terrorism were being perpetrated daily against industries obviously with the object of putting more people out of work and so adding to the general unrest. Arson at the hands of self-styled revolutionary Communist groups became a daily occurrence. There were attempts on the oil companies and a murderous attack on the president of the Unione Petrolifera.

In a valiant effort to prevent the degeneration, Mr. La Malfa proposed that the six anti-Fascist parties (that is all the parties in Parliament from the Liberals to the Communists with the sole exception of the MSI) should get together to concert an emergency economic program for the duration of the present Parliament.

For a week or two hope revived until Mr. La Malfa threw in his hand after the abortion vote April 2 which poisoned the atmosphere beyond repair.

The project was revived by the Socialists in a more extreme form: an emergency government with the Communists in the majority. The Christian Democrats turned this down, but after weeks of wrangling between the doves and the hawks they came up with nothing better than a few mild corrections to their economic measures and the offer to rediscuss the abortion bill—too little and too late. After trying in vain to persuade Mr. Moro to resign out of hand, the Christian Democrats hawks agreed with the doves to let the government go before parliament and ask for a debate to discover whether it was still possible "to count on the loyal solidarity of the majority and the constructive contribution of the opposition" to an emergency program, with a view to avoiding a general election.

The Socialists and Communists figured to vote against this motion and the government resigned. President Sergio Leone had to dissolve the chambers.

## 'Antelope Cobbler'

At this point the issue is complicated once more by the Lockheed scandal. President Leone is thought to be the person referred to in the Church papers as Antelope Cobbler. The other two suspects are Mr. Moro and Mario Rumor, the foreign secretary. The parliamentary commission of enquiry was looking

into the matter and planned to go to the United States to interrogate various characters in the affair.

Washington, meanwhile, has taken umbrage at the leakage here and claims that the terms of the accord with the Department of Justice have been violated.

President Leone is now in the unhappy position of having dissolved the very parliament which was inquiring into this affair and might—most unlikely possibility—have had to try to impeach him. He insisted that the commission get to work night and day but there was really very little that it can do until it has been to Washington and even then it is more than probable that the people the commissioners are to interrogate do not know what happened to the money at this end.

The only people who know for a certainty are the Italian meddlers. Mr. Leone's appeal to the commission to work fast is all the more pathetic in that the whole technique of these parliamentary committees of inquiry—perfected in 15 years of pretending to look into the relations between the Mafia and politics—consists in letting things slide, which is probably what the commission meant to do this time in the hope that the scandal would blow over. That might have been the case so long as only two former ministers of defense were under inquiry, but the business is much more delicate now.

The Lockheed scandal brings us to what may well be called the leitmotiv of this whole sad story and that is the part which may or may not have been played in these events by U.S. sources.

On this there are several schools of thought in Italy, the most extreme of which believes in the existence of a design—whether attributable to the CIA, to Kissinger, to the Pentagon or to the White House is anyone's guess. What matters is the assumption that the crisis here has been deliberately aggravated from the United States with a view to discrediting every attempt at a compromise with the Communists and in the hope of precipitating a rightist solution, presumably at any price. It has to be remembered that for weeks this whole business has been accompanied by repeated warnings from Mr. Kissinger, from the ambassador, John Volpe, and from President Ford himself, that the United States will not stand by indifferent to the advent of the Communists in government in any NATO country.

## Extreme View

The British Marxist historian Percy Allum, who writes a weekly column in the magazine *L'Europeo* (which is leftist but in no sense a Communist journal), holds the extreme view of the existence of a grand design of which the monetary crisis of January was the first decisive act. At the other end of the spectrum, Mr. La Malfa leader of the Republican party and an outstanding figure in Italian politics) pooh-poohs the idea of a plot against Italy.

The whole idea, he says, is nothing but fantasy politics. "Let us keep our feet on the ground. The same thing is happening in

Japan. Why should the Americans want to destroy their best contacts?"

Between these two extremes there are plenty of Christian Democrats who are distressed and perplexed. Crisaco de Mita, for one, thinks the country is up against something serious which it cannot fully understand or appraise. The Communist press has no doubt that an articulated and multifront effort is being made—by whom?—to undermine Italian institutions and democracy. Giuseppe Talotta of the PCI also holds that there are external provocations and interventions tending to break the constitutional setup. In the Socialist party Giovanni Mosca (deputy secretary) also wonders what Washington has in mind. It would seem, he says, that the Americans no longer trust the Christian Democrats to oppose the Communists and that they count only on the state and all that implies.

By and large in Europe the Italian question is followed with some degree of sympathy and a tolerably sophisticated approach. The emergence of the Italian Communist party as the spearhead of the new Eurocommunism with the early probability of the Communists having a part in the government of Italy is being accepted as one of the facts of life in Western Europe.

At a recent symposium organized by the Italian Institute for International Affairs, Francois Duthene of Sussex University expressed the opinion that Europe and Italy can survive insofar as the Communists are absorbed into the European community. The PCI itself is extremely attentive to the European question. On the same occasion Sergio Segre (Mr. Berlinguer's shadow foreign minister) expressed with more than usual emphasis the PCI's European viewpoint.

Mr. Segre maintains that Italy (presumably under an eventual Communist government) belongs to the West and has opted for the EEC. The rapport between Italy and the community must become increasingly fruitful and close.

The PCI intends to contribute to this state of affairs by giving Italy greater social, political and democratic stability and so helping to solve an economic and general crisis which is structural as well as being conditioned by the present trade cycle. Thus, according to Mr. Segre, the advent of the Communists in government will make Italy a positive rather than a negative factor in Europe. "We shall cease to be exporters of crises."

By the same token Mr. Segre insists that the presence of the Communists in government will strengthen Italy's role in NATO. "NATO," Mr. Segre admitted—somewhat to the surprise of his audience—has been a factor in favor of détente, but Italy, under weak Christian Democrat governments, could give only a modest contribution. Today, for the first time in the history of this country, there is full agreement between all the political parties on foreign policy.

One speaker at the conference expressed doubts on the advantage to NATO of having the Communists in government in Italy. Karl Kaiser of the West German Institute for Foreign Affairs argued that NATO depends for its efficiency on the close integration of its members, on the capacity to coordinate automatic responses to aggression and consent to initiatives and reactions.

Now, he asks, can such a delicate network remain intact if the Communists penetrate into a part of it? Without wishing to contest the formal respect of treaties by the PCI, there would still be a divergence between the cultural and political allegiance of a Communist Italy and the other NATO countries. To whom would the Italian Communists be loyal in crisis? To which Mr. Segre replied, the answer depends on the crisis.

A few days ago Giovanni Agnelli, chairman of Fiat and outgoing president of the Confederation of Industries, said on Italian television: "I would not wish to stay in Italy if the Communists come into government." The remark has been criticized and deplored. And, one would think, regretted. Now the Italian papers report Mr. Agnelli's interview to Time: "I don't think we should panic about the Communists. Their behavior will depend very much on what we do. If we give way to panic, if the industrialists become nervous and stop investing and people leave the country, that will make the position of the Communists more authoritative and give the public the impression that the only stable force in Italy is the PCI."

"The Italian Communists are different from the Communist parties in power in Eastern Europe because they have had a long experience of opposition." The chairman of Fiat hopes that the PCI will participate with the other political parties in a program of fiscal reform and investments to increase employment. Nonetheless, Mr. Agnelli admits, the eventual participation of the Communists in government would imply a total revision of the character of NATO.

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# Nuclear Energy Program Delayed Almost a Year After Its Drafting

Continued from Page 7

in refining petroleum in plants located that have little need of petroleum products, thus unnecessary transportation. The program also provides improvement in the distribution sector, which is much to be desired. The program also provides improvement in the distribution sector, which is much to be desired. The program also provides improvement in the distribution sector, which is much to be desired.

gas in particular will be 18-19 per cent of energy supplies in 1980. Up to 1971, all gas distributed in the country came from natural deposits. By last year, gas totaled 8.7 per cent of this fuel supply. For new deposits on offshore has been discovered. These resources, hailed as "vast," are not yet utilized, since they require a good deal of technical effort. Present predictions, per cent of domestic natural gas will be supplied coming from the Netherlands, the United Kingdom and Algeria.

## Global Vision

Global energy program's drive at a global vision. Energy needs introduce innovative factor. Up to 1971, Italy's energy needs have failed to result. A petroleum project to re-evaluate the electromechanical sectors, and various other projects all proved sterile. The program stresses the need of diversifying the sources of energy, of re-



Branches of pipes carry liquid gas from the Montedison plant at Brindisi.

evaluating those unjustly thought to be obsolete, uneconomical or incapable of expansion, such as the development of the hydroelectric sector, coal mines (particularly those in the Sulcis area), geothermics and electricity produced from the combustion of solid urban refuse. In this context the program makes a definite choice, opting primarily for the development of nuclear energy.

Over the coming 20 years Italy is to build 20 nuclear plants of 1,000 megawatts each for a total cost of 20 to 30 trillion lire.

The Interministerial Commission for Economic Planning (CIPE) has announced that by the end of this coming August sealed bids must be received for awarding contracts to build the first eight nuclear centers. The plan is thus making a first step toward realizing its aims. To carry it out the funds allotted to the National Organization for Electrical Energy (ENEL) will be increased by 2 trillion lire in five years. These eight plants, of 1,000 megawatts each, will function on

light water, pressurized and boiling.

The exact delimitation of power, as foreseen, precludes any discussion on the choice of systems, which will be confined to the two initially indicated—the Fiat Brindisi group, using Westinghouse technology, and the Ansaldo nuclear mechanical group using General Electric technology. On this head the program stresses the need for Italian research centers and industry to achieve a good measure of autonomy in projecting and building the most delicate parts of the installations (the nuclear islands) with a view to becoming disengaged from the terms stipulated by U.S. patent holders. This policy is already apparent in the phase in which the program for nuclear centers is proceeding, with the installation of reactors of proven efficiency. The idea is to create conditions for greater self-sufficiency and a wider base for research and industrial realization in the future development of advanced reactors and fast breeders.

The first four centers are scheduled to be built within five

or six years and will have a combined power of 4 million kilowatts, with a capacity, once in service, of about 30 billion kWh. This will mean an annual saving of about 10 million tons of combustible oil, which is almost half the quantity currently used by ENEL.

Does the Interministerial Commission's announcement mean that a national energy program is really off to a start? Only up to a point. If the problem of the first four nuclear plants is solved, that of the succeeding four is not. Where they are to be situated has not yet been decided. CIPE sidesteps the question and declares that bids can be made even before the localization of the new centers has been decided. In this case projects will be for certain typical sites. This means that projects can be accepted, contracts awarded and the successful contractors can design the plants before any decision on sites has been taken and although such decisions may be left suspended for some time to come.

There are other obstacles to a

rapid takeoff of the project, first and foremost the political crisis. Second, there are fears that the new nuclear centers may have damaging effects on the ecology. These fears have given rise to a stream of protests which may well gather strength.

Even before the energy program took its final form, and later until CIPE finally set its seal of approval, the project stirred up heated discussion in the Cabinet. Socialists, Communists and trade-union leaders insistently demand that the issue shall not be left exclusively to the discretion of CIPE but should be threshed out in debate in Parliament.

## Questions Posed

The fact is Italy's energy problem poses a number of related questions, touching, for instance, foreign policy (relations with petroleum-producing countries), international economics (the role of the multinationals), domestic policy (relations with the regions and the municipalities) and the quest for a general consensus on the ultimate localization of the nuclear plants), financial policy and the problem of protecting the security of the environment and the population.

The experts concerned in the matter and the public who follow them take conflicting views on a whole gamut of questions concerning the validity of the energy program as it has been conceived. Are nuclear energy plants really the obligatory answer to the petroleum crisis which has reduced the advantage of fueling conventional thermoelectric stations with combustible oil, that is with a by-product of the refineries? With what criteria must future consumption of energy be calculated? What guarantees are to be given to insure the safety of the population in the areas chosen for sites of proposed nuclear-energy centers? For what precise purposes, in view of what development model, and for what kind of society do the promoters of the program seek to increase the production of energy or of a certain type of energy? What should be the relationship between the nation's energy policy

and its general economic program?

Clearly the controversy involves not merely this or that problem but the very spirit of the program, which many people consider overweighted in favor of nuclear development to the detriment of other potential resources, from geothermics to solar energy.

Toward the end of March, the World Nature Foundation and Italia Nostra (a nationwide organization to fight the mounting threats of damage to the country's natural and artistic glories) launched an anti-nuclear cam-

paign to which numerous scientists and intellectuals are giving support as the beginning of a powerful and widespread movement to preserve the ecology. In a public meeting the promoters of the attack denounced nuclear energy as neither economic, clean nor safe. Its presumed advantages, they said, are calculated on the basis of outdated cost estimates which fail to take into account the necessary cost of guarding the plants and neutralizing the pollutive effects of radioactive refuse.

Another argument is that for such a nuclear policy Italy would

have to depend on foreign capital, on technologies and patents in the hands of a few monopolistic groups. The risks are considered incalculable, from the possibility of unforeseeable catastrophes to thermal pollution, which could cause climatic variations and changes to the environment, as also radioactive contamination.

The opponents of nuclear energy ask the government to adopt a global policy based on thrift, on a campaign to reduce wasteful spending and to allocate generous funds to research into the use of alternative fuels, first and foremost solar energy.

## Chemicals' Outlook Still Troubled

By Giuseppe Liuzzi

ROME (IHT).—After sustaining serious setbacks in 1975, Italy's chemical industry is facing the same prospects this year, partly because of a consistently weak market, with profits expected to slump alarmingly.

Aschimici, the manufacturers' association, writes off 1975 as one of the "blackest" of the post-war years. While the Central Institute of Statistics estimates the decrease in production at 4.1 per cent (probably much less than in other European countries), Aschimici declares that, apart from pharmaceuticals, which rose 8 per cent, the decline averaged 12.2 per cent and 15 per cent in the fiber sector. Worse than the shrinking demand was the ratio between net profit margin and turnover: this had already fallen to a bare 1.1 per cent over the last four years and in 1975 was totally negative. In such conditions a fall in turnover is an advantage, since the Italian chemical industry is in the position where "who sells more, loses more."

Worst hit among the giant groups were Montedison and Anic. Montedison's turnover decreased 9.7 per cent below the 1974 level, with a marked falling off in basic chemicals and derivatives. The group reported a loss of 72.6 billion lire for its controlling company and of 163 bil-

lion lire for the entire group—with outside shareholders losing 43 billion.

Anic's turnover last year made another leap forward, 30 per cent over 1974, when the increase reached 83 per cent over the previous year. But this growth rate was offset by the parallel increase in losses. The company declared losses of 21 billion lire but ENI (the biggest share holder) contests this figure and claims that the losses are at least double.

The first figures available for 1976 confirm this trend. A rise in the volume of demand is motivated by a frenetic build up of stocks of basic and derived chemicals in anticipation of a revival of exports and higher prices at home in consequence of the devalued lira. This has pushed up somewhat the turnover of Anic and Montedison. But in the case of Anic we already know that the increase of turnover has accelerated its losses, which reached 40 billion lire for January and February alone, twice the total deficit for 1975. For the year 1976 losses are expected to touch 160-170 billion lire. As for the Montedison group, its main fiber-producing unit, Montefibre, is losing around ten billion a month.

Much of the new demand is being met by imports. In 1975, for the first time, fertilizers added to Italy's chemical trade balance deficit (about 230 billion). In January and February of this

year the balance was negative for raw materials and fibers—all products in which Italian industry specializes.

The small and medium producers such as Sir and Liguigas have to some extent managed to avoid these troubles, the reason being that they also produce fine chemicals and their productive structures are more supple and require less capital.

Plaguing the mammoth groups are their excessive dependence on primary and derived chemicals, backward technology, a relative lack of specialization, oversized plants and vast immobilization of capital. Many of their plants, designed originally in huge dimensions, were working to a third of capacity in 1975.

The major groups are conditioned by erroneous planning at the outset, particularly by their specialization in the sectors of basic and derived chemicals and by their gigantic dimensions. On the other hand Italy's acute unemployment problem (which makes for rigidity in the union-protected labor force) and the high potential of the chemical industry for stimulating derivative production, make this sector one of primary importance for the public.

The predictable rise in demand can hardly solve the problem. What is basically wrong is that certain products are being turned out for which there is no margin of profit.

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# Economic Recovery More Problematical Than Others in West

(Continued from Page 7)

presence of a number of structural weaknesses in the economy which mean that recovery is more problematical for Italy than for the older industrialized countries.

Italians were distressed at being ranked by Belgian Premier Leo Tindemans as a second-class industrial nation, though they derived consolation from finding Britain in the same league. They are humiliated at having to borrow so heavily from international sources and irritated by the sermons continually preached at them from Washington, Brussels and Bonn. They know well enough that their state machine has run amuck and that far too great a share of the country's resources is being used—all too often wastefully—simply to keep the machine running. They also know that this is the penalty for having a dual economy, part modern and industrial, part semi-developed.

It is always being said that Italy faces the same troubles as the other Western nations while still having to cope with the unresolved problems of its preindustrial past. The two conditions interact. In the north, southern immigration has brought the Mafia to cities like Milan, and in the south in cities like Naples, the industrial crisis impinges on a state of chronic unemployment, with the effect of spreading the mentality of organized labor to other sections of the population.

The situation in Naples is explosive. The example of the 4,000 workers of the Alfa Romeo plant who insist that the government take steps to put the factory back on its feet (production has dropped from 500 cars a day to 300, and Alfa Romeo is said to be losing a million lire on every car) has sparked demonstrations by the city's 120,000 unemployed.

## Oil Crisis

The oil crisis hit this country between the eyes, not only because its economy is geared obsessively to the automobile industry, but because the new trends set in motion in 1973 pose problems of reconversion for industrial countries which Italy is ill-equipped to solve.

The Italian dilemma lies in the fact that the country is not technologically on the same level as the more advanced industrial

powers, while its labor costs have become too high for it to compete against the cheaper labor coming into industry in the developing countries. Italy faces competition from countries like India and Pakistan, which tend to concentrate on the same manufacturing industries—textiles, engineering and so forth—which are the mainstay of the Italian system for the very reason that they have a relatively low ratio of investment for the number of people employed.

The tourist driving into Italy is invited along the route to buy silk. There are notices in every language including Japanese. But the silk scarves and ties one can pick up in the stores, if the price is reasonable, are made in India or Hong Kong. It is surely significant that the decline in the manufacturing industries (though not, surprisingly, in textiles) was higher last year than the general average for industry.

High labor costs and the strong union protection enjoyed by Italian workers also put Italy at a disadvantage in competing with countries like West Germany and Switzerland, which employ a vast amount of immigrant labor. Immigrants are not citizens of the country they work in. They have no political influence and are often afforded only nominal protection by the local unions, which means that they can be dismissed more or less at will. In fact they constitute the most enviable component of an industrial economy, a mobile labor force.

## Rigid Labor Force

Italy's labor force is anything but mobile. In fact, its rigidity is probably the most serious structural weakness of the economy. It is extraordinarily difficult in Italy for any large concern to turn surplus workers away. This is due partly, but by no means entirely, to the strength and influence of the unions. The trade union movement in Italy is discussed in another article in this survey. It is enough here to say that many of the leaders are brilliant and sophisticated economists who know very well that greater mobility of labor is desirable, but who are no more able than is the government to resist the pressures from the factory unions to save threatened jobs.

Again and again the state has

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had to pour money into industries which are not economically sound. Leyland Innocenti is a case in point, but the practice began years ago, long before the unions acquired their present power. Lately it has become necessary to reinforce a salvage agency called GEPI, whose task is to acquire a temporary controlling interest in vacillating concerns. GEPI has been called on to save the 4,000 jobs at the Innocenti factory in Milan. Six or seven other firms have been salvaged by GEPI since the crisis, but the waiting list, says Minister of Industry Donat Cattin, runs into four figures.

## Red Tape

Labor costs apart, there are other structural weaknesses which make recovery difficult. The most serious is the tardiness and inefficiency of the administration. Red tape can be relied on to entangle any application to officials, imposing unbelievable delays on the tempo of investments. It takes 33 months, on the average, for an application to build a new classroom to receive final approval. Scores of signatures are required. Meanwhile the money allocated for the project lies in the banks, and all too often the interest is used for private or political ends. The accumulation of interest on money waiting to be spent runs into untold billions of lire.

This slowness has always been an Italian problem. Originally the network of checks and controls was intended to make it difficult to rob the state, but the system is self-defeating because it destroys the conception of personal responsibility. The advent of regional governments dependent on the central gov-

ernment for their finances has made the delays even worse, the more so as the central government is still, at the time of writing, firmly in the hands of the Christian Democrats, whereas many regional governments and all the big municipalities are in the hands of the left.

## Uncollected Taxes

It has to be accepted as one of the facts of life in Italy under the present political dispensation that the state is (a) unable to collect direct taxes except from the pay of wage-earners and (b) unable to spend money except on salaries and pensions of its servants. When Bruno Visentini, a highly respected Republican party technocrat, became minister of finance in the last coalition government, everyone hoped that the new income-tax reform would be made to work. The government fell after 11 months, and Mr. Visentini had to admit that the system had defeated him. It is now three years that the government has been paying rent for the IRM computers which are to handle the files of an as yet nonexistent register of taxpayers.

The "system" has deteriorated as a result of the same party's being in office without interruption for over 30 years. The Christian Democrats have built up a power structure founded on a privileged bureaucracy whose main purpose is to look after itself. The Italian language, characteristically, has no comparable expression for civil servant.

Under the "system" flourishes a phenomenon which Italians call the pay jungle. Only very recently the public has learned some of the facts about the

enormous salaries, payoffs, bonuses and other benefits enjoyed by high-ranking bureaucrats and even certain privileged sectors of lower-ranking state or parastate employees. In some cases the bureaucrats have looked after themselves by getting their salaries not to the cost-of-living index, which gives workers a modest increase following the movements of the so-called sliding scale, but to the real value of the currency. On this calculation salaries have doubled and tripled in a few years.

There are also many clever devices for calculating extra months' pay or extra years' service. If you are fortunate enough a year's work may bring you anything from 18 to 24 months' pay and 10 years' service can be multiplied into 20 or 25. These mysteries are to be explained by a parliamentary commission which, on the record of the Mafia commission and the commission that looks into charges against members of Parliament, does not promise quick results, unless the next Parliament proves very different from the previous six.

## Party Responsibility

It is fair to say that the Christian Democrats are not alone responsible for the deterioration of the quality of public administration. The other parties who have been in government with them have a share. The Socialists and Social Democrats in particular.

The Christian Democrats do however bear chief responsibility for the deterioration in the quality of management of industry in the public sector. Ten or 15 years ago IRI and ENI, the two big public holdings, with their numerous subsidiary companies covering more than a quarter of Italian industry, really were a driving force in the economy. Today they have become fiefdoms of the Christian Democrat faction. Political interests have interfered with managerial efficiency and corruption has crept in.

The Lockheed affair has come very close to IRI, causing Ciriaco De Mita, head of the big Fiat steel complex, to flee abroad with his documents and his embezzlement to escape arrest. The scandal has shaken the prestige of IRI's chairman, Giuseppe Fossati, who took personal responsibility for Mr. Crociani's rapid career, first as head of IRI's Finmare shipbuilding complex and later at the head of Fininvest. In point of fact, Mr. Fossati appears to have succumbed to political pressures in promoting Mr. Crociani. The affair has created a scandal partly because of the arrogance of super-bureaucrats who, unlike the

politicians, are often rude to the press.

Corruption at a lower level is more easily contained. In their day-to-day struggle with the delays of administration Italian entrepreneurs sometimes resort to illegal ways of getting things done. In his day, the great Enrico Mattei of ENI was a master of the short cut. Modern methods are less ruthless, but they can land people in a scrap like the one which befell the chairman of Standa, who recently spent some days in prison to explain how he had "persuaded" certain local government officials to give him permits to build supermarkets.

## Shortage of Capital

Another major handicap to Italian industry is the shortage of investment capital and the consequent excessive dependence of industry on the banks. This trend has increased very much of late, to the extent that the banks have gained an almost arbitrary control over Italian industry.

One reason why so many small and medium firms are going out of business is that they cannot obtain credit on reasonable terms from the bank. This situation has become worse since the Bank of Italy recently raised the bank rate as part of the campaign to save the lire. With the bank rate at 12 per cent the commercial banks are charging interest rates of 18-20 per cent to all but their really big clients.

The banks have grown rich on the very wide spread between active and passive interest rates. The difference often exceeds 10 points. The banks hold something like 35 trillion lire worth of industrial and government bonds. Their profits are immense, and they are allegedly the main channel through which capital is exported to Switzerland and elsewhere. This is a major grievance, as the export of capital is considered a principal cause of the shortage of investment capital in the country.

Minister of Industry Donat Cattin recently accused the banks of being responsible for 90 per cent of illegal exportation of capital from Italy. His suggestion that sanctions should be imposed on them raised the treasury and finance ministers (Emilio Colombo and Giulio Andreotti) to protest, and made the governor of the Bank of Italy, Paolo Barbi, threaten to resign.

Recently Mr. Colombo accused the governor of mishandling the monetary crisis last January by failing to call in the excessive liquidity in the banks. Mr. Colombo also said he was not informed of the state of liquidity and learned of it from the quar-

terly reports put out by the Bank of Italy. This curious quarrel developed in the form of letters to the press. It has certainly not served to strengthen public confidence in the men whose job it is to manage the country's money.

## Communist Views

A reform of the banking regulations is one of the first points of the Communist party's program to revise the economy. Luciano Barca, a Communist deputy and one of the party's leading economic experts, insists that the difference between active and passive interest rates must be brought under control. He also believes that something should be done to revive Italy's almost moribund stock market and make it accessible to the small saver. Mr. Barca told me that the Communist leaders are convinced that the main reason why investment capital tends to flee the country is the extreme uncertainty which surrounds any planning sponsored by the government. The Communists seem to believe that it and when they come to power, and start serious planning, investment capital will tend to come back.

Structural and environmental problems apart, Italy was hit by the oil crisis at a time when its industry was already beginning to show signs of fatigue and age. The vigor and imagination which went into the great reconstruction effort after the war and carried Italy into its "miracle" of 1958-63 has worn off with the fading of a generation of tough, individualist entrepreneurs and the emergence of more difficult labor conditions.

At the highest level, Italy can produce managers of European standing like Gianni Agnelli. In the federation of young industrialists headed by Piero Posselt there is talent and flexibility and willingness to face up to new conditions. But the bulk of the industry is still in the hands of small and medium firms operating in a narrow provincial environment.

The type of firm that forged ahead through sheer vigor and ingenuity in the old days of reconstruction is often ill equipped to cope with the problems of adaptation to new conditions of world trade. The situation today is one in which it is hard for any but the really big companies to weather the storm.

## Lack of Research

Italian industry needs to adapt both its product and its methods of producing to the realities of the new world market. The improvements of a generation ago are of no use today, when the first need is for a more sophisticated technology. One thing Italy suffers from desperately is the lack of properly endowed basic and applied research. Research has been most shamefully neglected, particularly in the last 10 or 15 years, by politicians who were too busy playing the power game to look ahead.

Since no political faction stood to gain influence from money spent on research, such research institutes as do exist in Italy have always found themselves at the bottom of the government's spending list. Often they have had

barely enough to pay

of their staff. Research programs have been suspended for lack of money. The National Research Council has been waiting for its laboratories housed. Sometimes on impression of political pressure to make life of the Higher Health whose job is to protect from pollution and to

Probably one reason research tends to be a Cinderella treatment is that the Catholic Church, dominant Christian party, is not much at all science except for a nascent scientific activity in Italy in the vicinity of physics and chemistry, but the school around Prof. Enrico Fermi was destroyed. It has never revived.

Of course, there is talent here available in but the disorganization, great, and it will be a colossal effort, both financial, to bridge the gap. What is needed breakthrough in public that will make government preclude the import search.

## Weapon Sales

Fortunately technical know-how is available. What the Italian medium term, is the prize, the imagination elasticity needed to make technical products to make called technology industries such as

There is, of course, in which the Italian as quick as any to a portmanteau of a new. Among the coming arms, Italy. Exports of military guns, tanks, missiles, boats, radar systems, so on—have increased tenfold between 1971 and 1975. Some say even more have been sold to Libya to Algeria, Iran, guns to Angola, Iran, transport plane. The order books are clients line up, for it lies in anti-guerrilla, which the description usually satisfies the who want export is

is no time for Italy, the politicians on the have been sold to Libya to Algeria, Iran, guns to Angola, Iran, transport plane. The order books are clients line up, for it lies in anti-guerrilla, which the description usually satisfies the who want export is

## Political Imp

What happens to economy in the new depends on how Italy political impasse, forces. Communists and the trade unions conceivably be the group here after election in June, app lieve that the capital can be salvaged and a more efficient and real economic power to the regional movements the economy is to work.

Investment capital back to Italy and government has been since the continued economic program. O argument in which the workers feel they are ed, say the leftists, as the workers to accept fines that must be as come inflation and a On the side of the it has seemed some, including Mr. A self, believe it may to come to terms with Big by and large if Italian entrepreneurs the belief that their of capturing new lower labor costs. It ably a dangerous his fostered by the Bank of Italy who workers to accept a sliding-scale cost-of-l effia.

The government's economic adviser, Prof. recommends stagnation crosses throughout year wage-control. The idea that left by freezing productivity fostered ing labor costs ground with the pancease here of p Modigliani, of the a syndicate, organic Communist party's research center, position, lasting these packed theater, in the rural event. Italian economists, if not interested in the Prof. Modigliani's at the end of the social content of the The controversy, and this is the real key vides the conservative progressive. One can that the labor can be broken and can be changed. The changed with dynam



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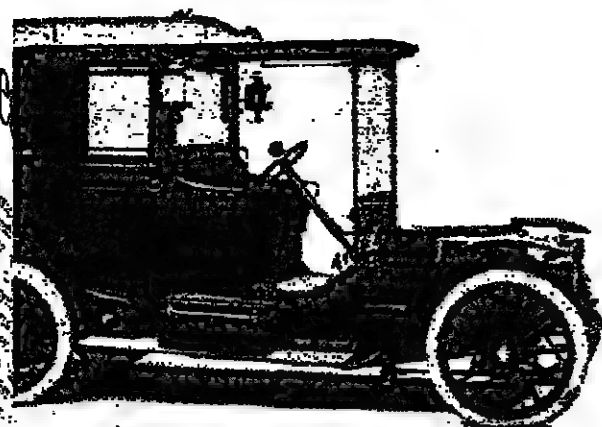
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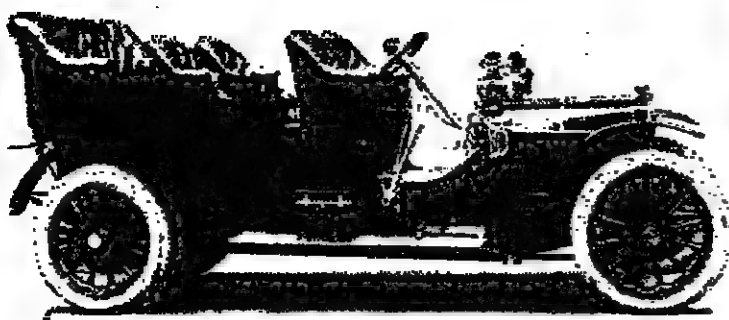
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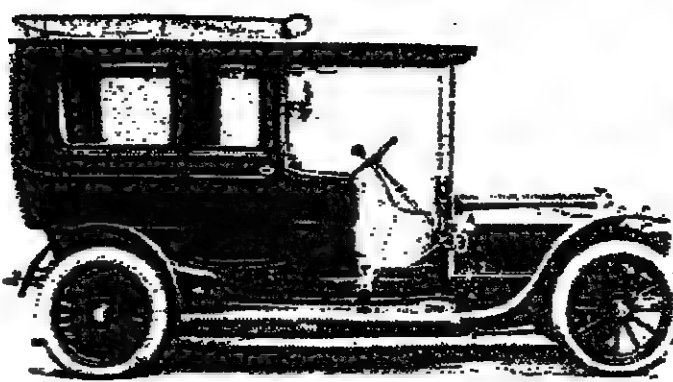




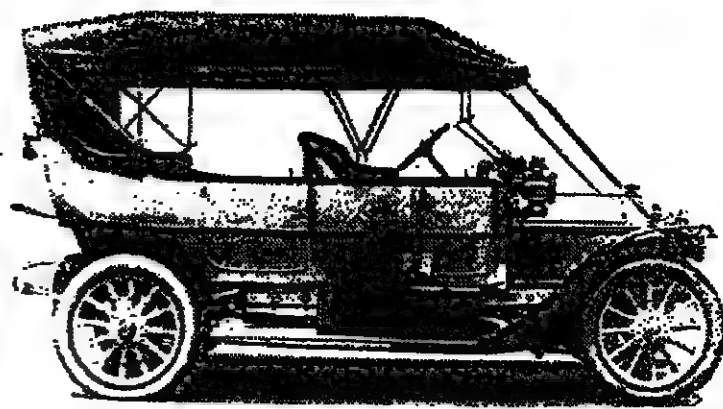
1906 4503 cc, 1300 kg



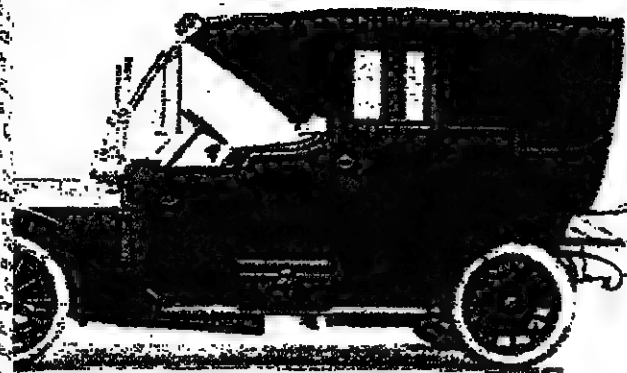
1907 10,563 cc, 1900 kg



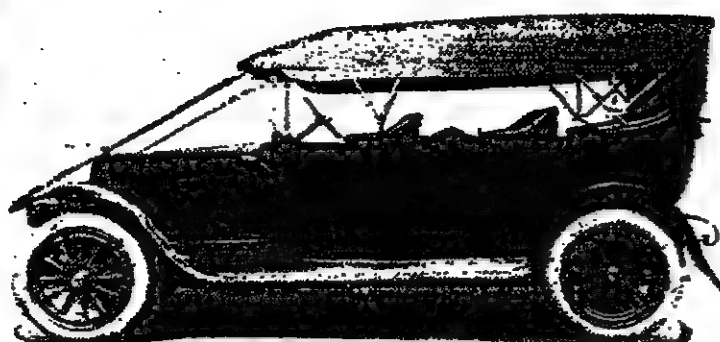
1908 7408 cc, 1670 kg



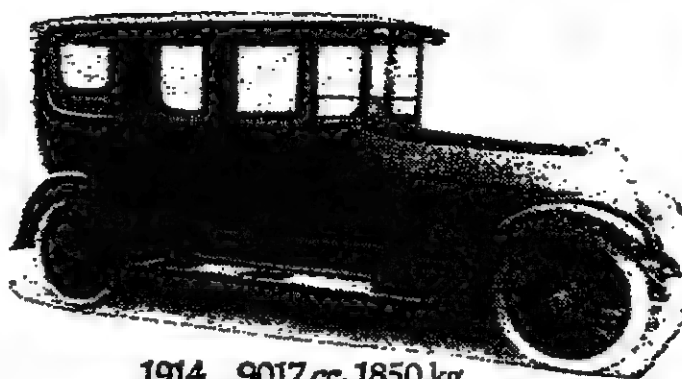
1908 4939 cc, 1340 kg



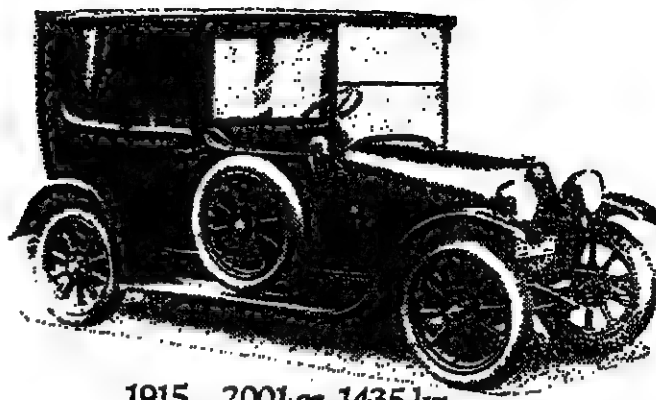
1909 3052 cc, 1350 kg



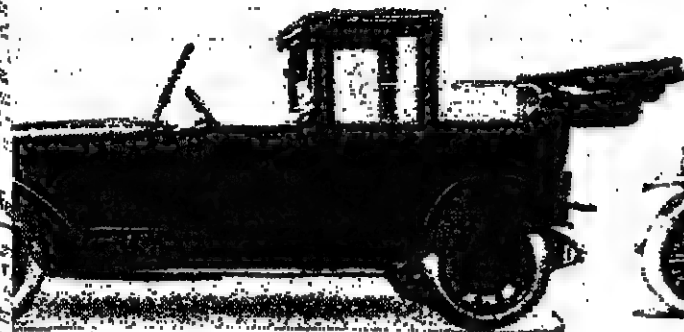
1910 9017 cc, 1750 kg



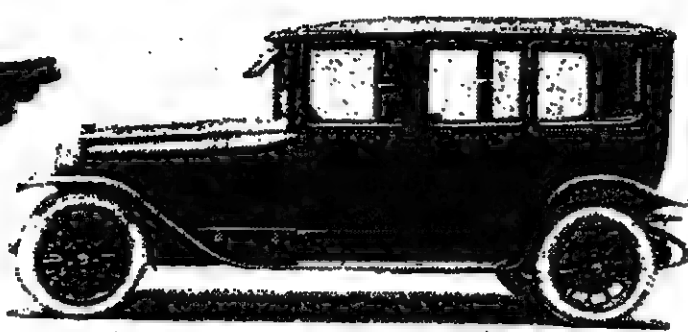
1914 9017 cc, 1850 kg



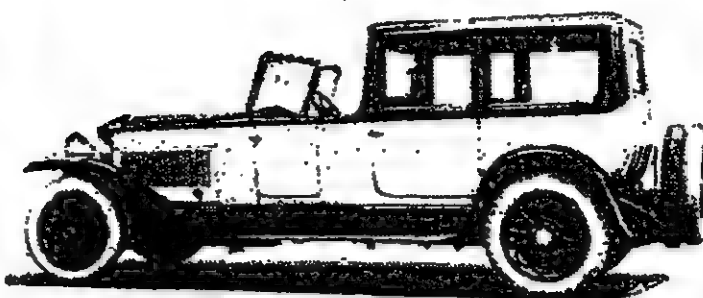
1915 2001 cc, 1435 kg



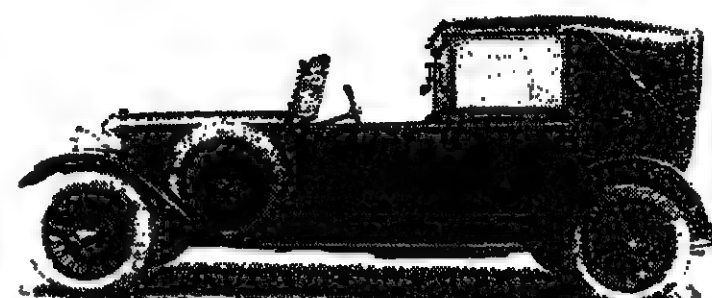
1919 2296 cc, 1540 kg



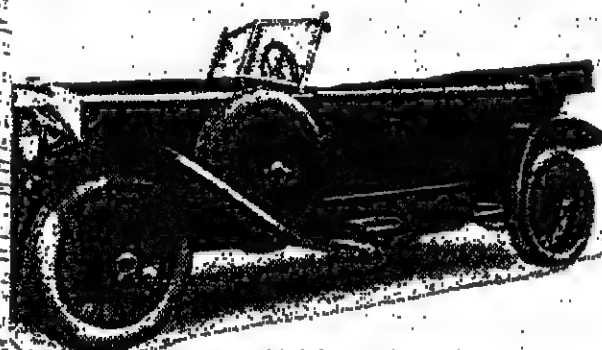
1919 3446 cc, 1570 kg



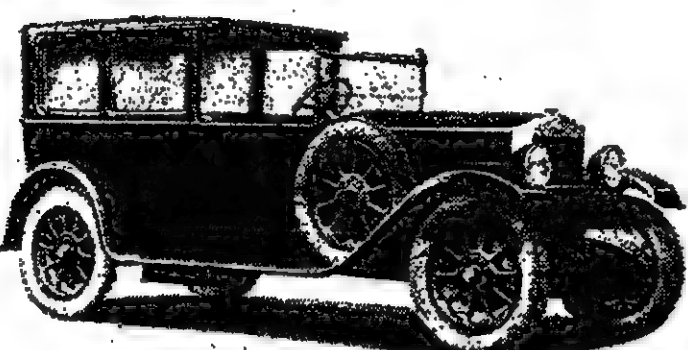
1921 6805 cc, 1850 kg



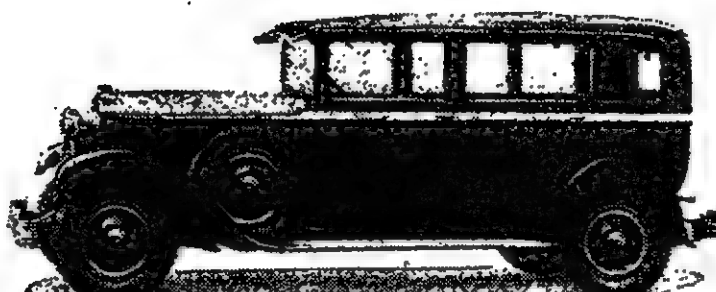
1922 4766 cc, 2035 kg



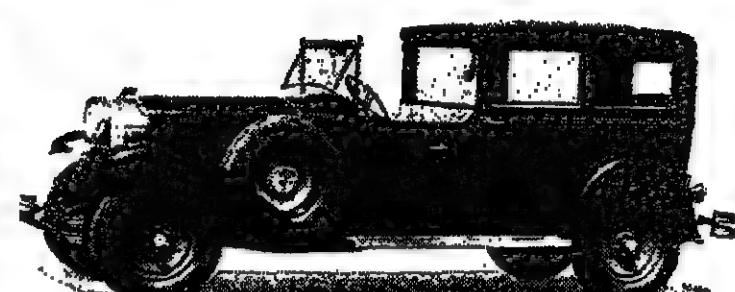
1922 4766 cc, 2000 kg



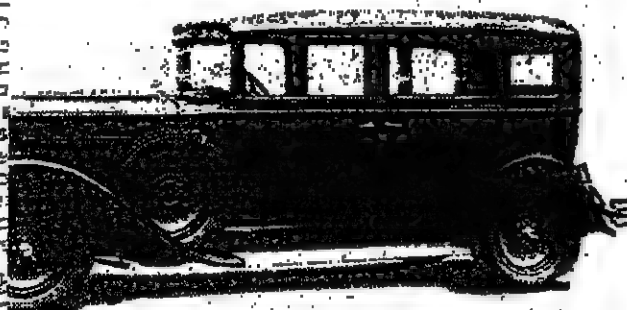
1926 3446 cc, 1760 kg



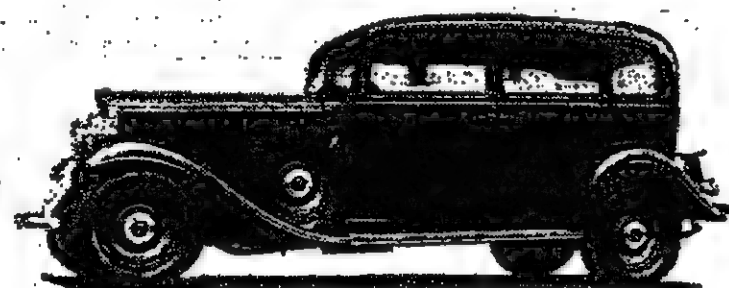
1928 2516 cc, 1460 kg



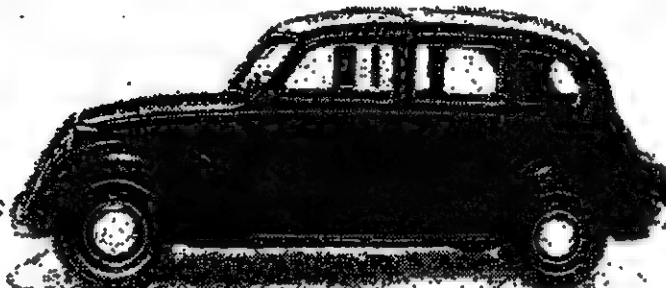
1929 3739 cc, 1680 kg



1931 2516 cc, 1295 kg



1934 2516 cc, 1435 kg



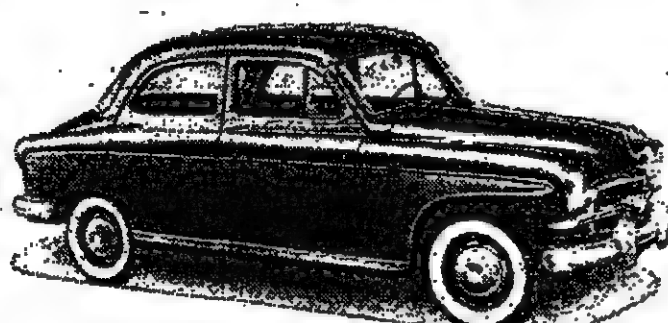
1937 1089 cc, 1300 kg



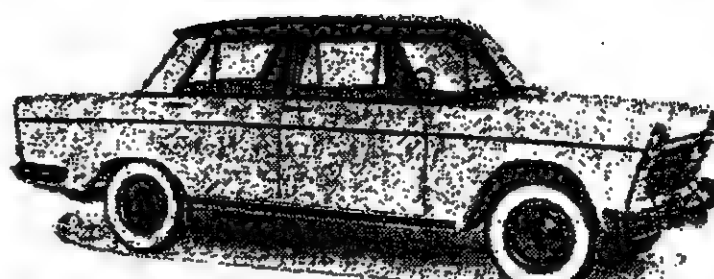
1938 2852 cc, 1855 kg



1952 1901 cc, 1200 kg



1956 1901 cc, 1240 kg



1959 1795 cc, 1230 kg



1959 2054 cc, 1300 kg



1961 2279 cc, 1320 kg



1963 2279 cc, 1285 kg



1967 1608 cc, 1000 kg



1969 2866 cc, 1510 kg

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# Reorganization Plan for Shipping May Correct Decades of Neglect

ROME (IHT)—Italy's seagoing traditions are feeble compared to those of the Venetian republic or the ancient Roman empire. For a present-day Italian to speak of the Mediterranean as "mare nostrum" would be like boasting. Despite its 8,000 kilometers of coastline dotted with innumerable ports (though unfortunately no estuary or upriver havens worthy of development), Italy's seagoing communications are inadequate for its own industrial needs and those of its European neighbors to the north, Switzerland, Austria and southern Germany, which it is well placed to serve.

Italy's ports suffer from decades of neglect. Inadequate government investment is one problem. The other is lack of a coordinated national plan. Sporadic improvements have taken place, frequently as a result of natural disasters such as the Ancona earthquake or the Palermo gales of 1973, which destroyed the inadequate existing port structures and forced the authorities to build modern replacements. But there has been no serious attempt to rationalize Italian ports. All of them tend to do a bit of everything. As a result, they do it slower, with a less rational use of space, and more expensively than in northern Europe.

With unemployment now at record levels, an accelerated public works program modernizing and extending Italy's existing port facilities would be a cheap and import-free way of investing in future growth. Yet in 1974 the government's grand plan for port spending earmarked a mere 180 billion lire over five years, of which so far only 50 billion has been drawn (not all of it spent) for work in progress.

Civil servants have now drawn up a new plan, destined to spend 1.13 trillion lire over 10 years which, while it emphasizes the inadequacies of the existing program, does not in itself guarantee a change of heart. Italy's governing bodies are notorious for producing plans which never get beyond the drawing board.

## Local Interests

The need for an imaginative national plan is all the stronger in a country like Italy where initiatives of local interest tend to take precedence over all else.

National politicians have extremely close ties with their home province and are frequently found promoting grandiose and ill-considered projects for purely electoral reasons.

Two of the most expensive and undesirable port developments in Italy illustrate this theme. The location of a major new steel plant at Gioia Tauro, in Calabria, was forced through against the wishes of the state steel-sector managers, chiefly at the insistence of a Calabrian politician, Giacomo Mancini, former minister of public works and No. 2 in the Socialist party. The site chosen has no natural harbor facilities, though not far away, beyond the provincial boundaries, an ideal deep-water site was available. The port at Gioia Tauro will cost 100 billion lire to develop.

Perhaps worse is the decision to build a huge inland container terminal near Cagliari, in Sardinia, at a cost of some 70 billion lire. Though work has begun on the outer moles, and planning permission has been

granted, the Ministry for the Merchant Navy is still fighting the scheme, which was one of the first special projects drawn up by Italy's controversial southern development agency, the Cassa per il Mezzogiorno. The terminal is supposed to serve as a container entrepot for the whole Mediterranean. Ships would unload, reload and be off, and the containers would then be reloaded and shipped to their respective destinations on the mainland.

## Costly Link

There is no doubt that Italy's ports at present are ill-equipped to handle the growing volume of container traffic, but it is hardly a solution to the problem to add an extra costly link to the transportation chain. What is needed is decongestion and greater specialization in Italy's peninsular ports. The project is a typical "cathedral in the desert" development, linked in no way to the underdeveloped economy of Sardinia. It is a capital-intensive

scheme that will bring few jobs and destroy two small but flourishing industries in the inland lagoon at Cagliari—fishing and the extraction of rare bromide salts.

## Suez Canal Traffic

It was generally hoped that the opening of the Suez Canal would bring a flood of new traffic back into the Mediterranean, and more business of all types to Italian ports. Whether because of the recession or the high insurance premiums against war risk for the canal passage, the flood has turned out to be little more than a trickle.

It is a sad comment on Italian planning that the port of Palermo, more than two years after it was damaged by floods, was not geared to snap up new business when the canal reopened. The port is still not operating at its full potential. Palermo has a long tradition of servicing, refitting and repair work, and offers highly competitive prices. It

is the biggest local industry in an area of high unemployment. Palermo's new dock, with capacity for ships up to 100,000 tons, was inaugurated last month. It also has another 150,000-ton dock. By next year, when a new deep-water dock (up to 400,000 tons) is completed, the Palermo yards hope to make up for lost time and make the port the leading repair center in the Mediterranean.

Genoa, of course, remains the homeland of Italian shipping and the country's most important port. It has two medium-sized container terminals and will soon be completing a much larger and better-equipped container terminal. Its combination of insurance, bunkering and other facilities makes it more than just a loading point.

But even Genoa suffers from the lack of planning that bedevils Italian port facilities. Dockland congestion and lack of specialization or decentralization along the Ligurian littoral encourage costly delays in turnaround time.

Even more than in other industries, time is money for a shipowner, and the heavy capital outlay that container traffic calls for has led to the apparent absurdity that much oceanic container traffic is being docked in northern European ports to avoid delays in the Mediterranean. Goods are coming to Naples (not to mention Swiss or Austrian delivery points) via Rotterdam, and being sent on south by rail or motorway.

It is hardly surprising that a country with such underdeveloped port facilities should be a bush-league shipping power. Only some 20 per cent of Italy's seagoing trade is carried in Italian ships. But a dramatic reorganization of the state shipping sector, which the unions say they favor on the IRI holding company, Finmare, against the will, seems likely to redress the balance and insure that Italy is more self-sufficient in maritime transport in the future.

Finmare, grasping four subsidiary shipping lines, Lloyd Triestino, Italia Adriatica and Tirrenia, each of which had specific routes to serve, has cost the Italian taxpayer a fortune. Long after the French and the British had sold off their transatlantic Queens, abandoning the unequal competition for passenger trade with the airlines, the Italians stuck to them. In fact, the pleasing sight of beautiful, luxury, loss-making boats like the Leonardo da Vinci and the Cristoforo Colombo, will not be completed until next year.

## Market Needs

Forecasting the end of passenger transport and wishing to save their 18,000 members from unemployment, the unions forced on the government a plan which was guaranteed by Law No. 694, passed in December, 1974. This was a crash program to convert the obsolete passenger fleet of the ill-managed state shipping lines into a modern merchant fleet capable of absorbing most of the displaced manpower. The plan also guaranteed work for the state shipping yards, until 1980. In fact, nine ships have already gone into service and 38 more are on order, a mixture of conventional ships, container carriers, roll-on, roll-off ferries and specialized vessels.

Another important development



In December 1958 the Leonardo da Vinci was launched into a troubled future.

has been the formation of new joint venture shipping companies by Finmare, other state holding companies with shipping interests, and private shipping magnates. Italians are masters at the art of topping up their bureaucratic, nationally owned enterprises with a healthy dose of private manage-

ment skills through ship systems of another. Foreign companies, of which many have been formed, operate with greater than the old state ones are destined to replace.

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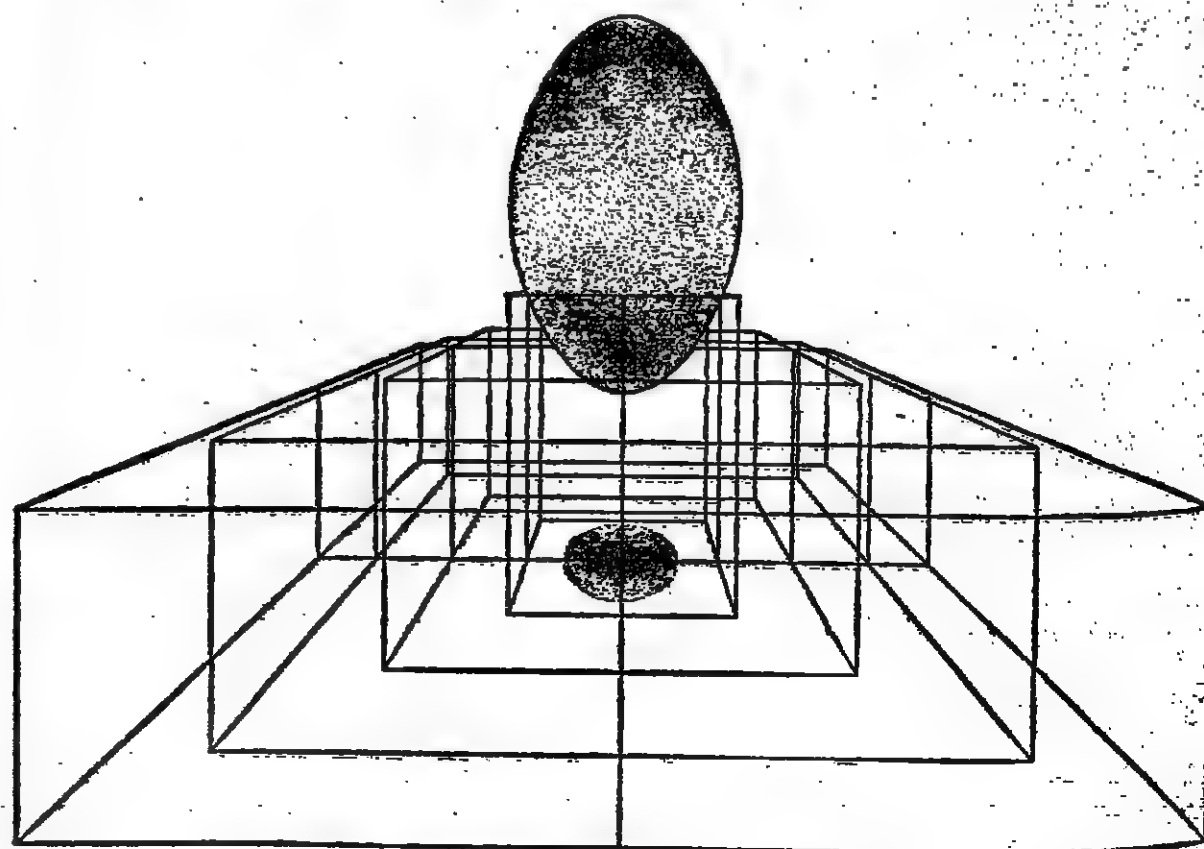
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FN

The three big confederations began to move away from traditional trade union attitudes after the great outbreak of protest in 1963-69. The revolt started with the students but soon passed to the workers. It was the first wave of a sort of cultural revolution, a revolt against the system bringing a trail of violence

The reforms which the political parties should have sponsored were taken up by the unions. For years, these reforms had figured on every government program, but no progress was ever made toward their implementation. Those that got into Par-

The leaders of the three confederations sit on a joint action committee called the unitary fed-

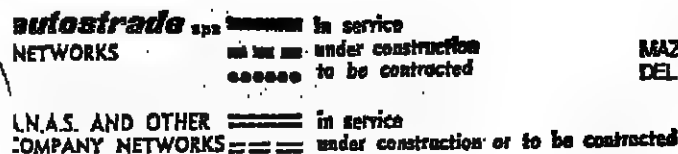
Instead of merely agitating for reforms, they began to ask for a say in the formulation of economic policy at government level and to insist on a complete revision of the government's economic strategy and aims. It is now the practice for a premier-designate to consult the union leaders before elaborating his economic program. Unfortunately the rapid deterioration of the economy and the political unrest and violence which have

course to the Integration Fund, which is used to keep laid off workers temporarily on near-full pay, doubled in 1975. It is a mechanism the unions distrust heartily as a first step toward total dismissal.

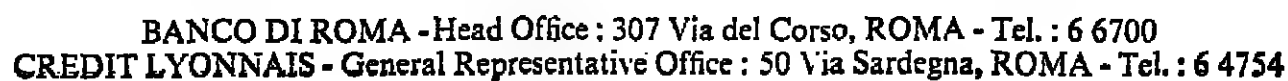
Ruggero Ravenna of UIL, a high ranking member of the Triplice, is convinced of the existence of a deep design behind the deflationary policies advocated or silently pursued by the Confederation of Industries. The aim, says Mr. Ravenna, is to weaken

They admit that labor costs are outweighed by the very heavy welfare charges which in Italy exceed the European norm, but they deny, on the evidence of EEC figures, that wages have

The outbreak of numerous cases of arson in Fiat and other important industrial complexes allegedly committed by the extreme leftist Red Brigades, is interpreted not only by the unions but by all the political parties and factions of the left and center left, as part of the old strategy of tension, which was first attempted during the great period of terrorism in 1969. The unions have responded to the challenge by organizing internal patrols by the workers. This is an important initiative of real significance in illustrating the sort of responsible democratic action for which the unions now stand.



24 FEB 1964







# South's Problem Is Seen as the Economic Challenge for All of It

ROME (IHT).—Among the higher-powered industrial nations of the West, Italy is the only one to export manpower. The dual economy which makes emigration a necessity is one reason why recession can do more harm here than in other European countries.

While Italy's industrial north is in trouble, the setback to its still developing south could be lasting and possibly irreparable. Economies apart, the south suffers more in terms of actual hardship.

Real wages in industry and services are to some extent protected by such devices as the sliding scale (which keeps them in line with the cost-of-living index) and the Integration Fund (which takes care of the workers when industries have to reduce production temporarily).

But where unemployment or underemployment is the rule, inflation means hunger, and in the political climate of the 1970s in the big cities of the south, hunger spells social unrest verging on insurrection. Naples is a tinder-box. Palermo, as the capital of an older and more autonomous region, has the safety valve of relief through jobs in the administration.

Incidentally, in the whole of southern Italy the public service accounts for a monstrous proportion of employment. It was always the classical method of combining assistance with political corruption and has been used with such effect in the last three decades in the south as to create a new social category.

## A New Class

In good Marxist language, which Italians use freely whatever their political convictions, this is called the clientelistic or parasitic lower-middle class, to be distinguished from the productive middle class, whether employed or unemployed. By whatever name you call it, the new class is a force to be reckoned with in dealing with the south.

When a quarrel broke out some years ago between the towns of Cosenza and Reggio Calabria over which was to be the capital of the region, the people of Reggio were told they were to have a big steel plant to make up for losing the capital. They

answered from the barricades that the places the perks and the concessions in the gift of a regional capital would make more people happy than any industry. The sad thing is that, in the present state of the southern economy, they were right.

In more rigorous economic terms, recession means a drying up of resources available for southern development. Failing a political earthquake (which may or may not be imminent), it is reasonable to suppose that such energy and capital as the Italians can muster in the near future will be devoted to converting their existing industrial equipment to the challenge of new world trade conditions.

## Complete Change

The south could take part in this effort only in the event of a complete change in the political direction of the economy. The Communists do indeed believe that this is possible and the party's economic experts—the only effective brain trust in Italy—are currently engaged in some hard new thinking on what to do about the south.

They have come to the conclusion shared by some, but not all, non-Marxist economists that the southern question and the Italian question are one and the same thing, to be tackled at the national level in the context of the new international terms of trade. They also believe that the conversion and integration of Italian agriculture must go hand in hand with the transformation of industry if Italy is to become a going concern in the Mediterranean economic area.

The Communists are not alone in thinking that the time has come to cease treating the south as a handicapped dependent colony to be succored as and when resources allow. The matter was thrashed out in a big symposium organized in October at Palermo by the Communist party's economic study center, CESPE. The ideas discussed there are at the center of the current debate on every aspect of the economic crisis.

The southern question has mobilized the best brains and the best hearts in this country from a generation before Gramsci and Salvemini.

*In spite of all the aid, the incentives and the planning, the southern economy, after making a few spurts here and there, has failed to take off. An economist compares it to a train going uphill with a defective engine which has power enough only to prevent it from slipping back. That was before the oil crisis.*

*Today the train is moving backward.*

The great tradition of *meridionalisti* began in the 1870s when Italians perceived that political unity was hurting the south. The discussion is revived today in the conviction that partnership in the European community is contributing to depress the south.

That something was going wrong with the projects and incentives to develop the south was apparent even before the oil crisis of 1973 brought on inflation and recession. The policy of special intervention in the south began 25 years ago with the creation of the Cassa per il Mezzogiorno.

## Vast Funds

Since then a vast amount of money has been poured into the south both through the Cassa and through other special agencies that have been set up from time to time. The minister of industry, Carlo Donat Cattin, reckons that not less than 23 trillion lire have gone south, enough to build six Fiat plants as big as Mirafiori.

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By and large the experts agree about the mistakes which have been made in dealing with the south. The first error was to think it would be enough to give Italy the infrastructures, the great works of engineering required to serve big industry. The Italians are the world's great civil engineers so it was natural

that they should concentrate on such works. The dams and irrigation canals built in the early period of the Cassa, when more attention was paid to agriculture, have been useful, but elsewhere there has been waste.

The great motorways in Sicily for instance, are hardly used. It will take a century to amortize the capital spent on them.

## Peasant Pressure

The early effort to improve agriculture in the south was made as the Communist party's economists very pertinently point out, under pressure from the peasant movement immediately after the war, when land-hungry peasants marched out to occupy the big uncultivated estates. The movement was placated by the land reform of the 1950s and interest in the south became concentrated on oil.

No oil was found but the Italian coast was studded with refineries after which the petrochemical industries arrived in the wake of that extraordinary character, Enrico Mattei. Mattei built the first big petrochemical center in Gela in the belief that he was really opening up the south. Other chemical industries moved into Sardinia and Apulia and along the east coast of Sicily, where the first development pole actually came into being.

The state holding, IRI, followed with its great Finisider steel plant at Taranto. By the late 1960s it was apparent that these high-costing industries with low-level employment were not radiating prosperity in the south.

Hence the decision to turn to the motor industry. IRI's Alfa Romeo built a subsidiary near Naples to produce the new Alfa-

romio. The plant, it seems, was badly planned and the industry is running at a loss, though this may also be because it was built just when the car industry in general was running into trouble.

In assessing the failure—or relative failure, for of course a great deal of change for the better has occurred in the south—economists today believe that it is not the size and high investment cost of these industries which have limited their impact on the environment.

The real trouble lies in the fact that these great complexes are self-contained organizations which have been dropped here and there into the southern environment as outposts of northern industrial organisms whose heart and center is elsewhere.

## Big Firms

The industrialization of the south has been in the form of colonization by northern enterprise. The lion's share of credit and financial aid available for the south has always gone to the big firms who could satisfy the banks. Northern industrialists have put offshoots in the south merely to make profit on the differential created by the incentives and often with very little regard for local interests.

A case in point is the Jolly hotels built by the wool manufacturer Gaetano Marzotto entirely on credit and in which it was never possible to get a bottle of local wine. Everything came from the Marzotto factories and the Marzotto estates in Valdarno, way up in the north.

The northern orientation of Italian industry grew stronger with the experience of the Common Market but the community's external tariffs have hurt Italian agriculture, to the advantage of the stronger and more protected

agricultural industries of the north.

The wine war with France is an outstanding example of the clash of interests and there are other conflicts. Italian cheeses are finding competition too strong in the EEC and Italian orange growers have had to destroy their best crops to comply with the Common Market regulations.

The government is accused of being lukewarm in defending Italy's agricultural interests in the community, which is true enough since the government stands hat in hand. Even Giovanni Agnelli admits that the Common Market experience tends to leave southern Italy on the periphery.

## Competition Vital

The Common Market experience is one reason why the Communists insist that the transformation of agriculture and industry must proceed simultaneously. Italy has now to compete with the Mediterranean countries which produce the same agricultural products as it does more cheaply.

The answer is to develop more sophisticated processing industries and more up-to-date techniques of marketing.

Giorgio Ruffolo, former secretary of the government's planning bureau and now head of a financial agency to promote new small and medium industries in the south, believes that the potential conditions for a renewal of southern industry exist.

There is a pressing need to substitute national products for imports, particularly in the food sector; there is plenty of available manpower qualified for modern industrial techniques; there are the great infrastructures built in 20 years of special intervention in the south.

Lastly there is the nearness of the new buying and selling markets in the Mediterranean and the Middle East. Mr. Ruffolo still believes in the need for planning. The fact that all planning done so far has either miscarried or never got off the ground should not discourage new efforts.

Industry must not be parachuted into the southern environment but must be brought to life there spontaneously.

Today the only local industries are little hand-to-mouth concerns which supply a purely local demand.

Instead there is room for new industries to supply the new needs of the national and the international markets.

Marcello Colitti, the brilliant head of ENI's team of research economists, also believes that there are latent energies in the south which can be called into action. Southern industries need services in the shape of marketing research, technological and managerial advice.

The state should step into this field, Mr. Colitti said, with humility and respect for the local environment, two qualities which have been conspicuously lacking in the past. This is exactly the job that Mr. Ruffolo's Finanziaria Meridionale sets out to do.

It will be an advisory agency with temporary capital participation (never more than 40 per cent) in new concerns.

## Cultural Revolution

Within limits these ideas coincide with the Communist party's drive to encourage small and medium industry in the whole of Italy, both north and south. Napoleone Colajanni, Eugenio Peleggi, Emanuele Macaluso, Alfredo Reichlin—the entire brain trust—insist that the concept of assistance to the south must be abandoned.

What is needed is a cultural revolution of the economy starting with the transformation of agriculture. It is absurd to think they say, that industry can flourish in a backward agricultural environment. To solve the problem of the south by planting industry without reviving agriculture would simply mean driving the population from the country into the towns and

mass of unemployed. The Communists enough that to solve its problems unless context of changed. That is, they want to alter per il Mezzogiorno.

the Cassa has been agency of political interest mainly the Democrats. No control over its time to time.

It is undoubtedly of corruption but why the Communists it abolished is a power which we devote on the arguments and in the Communists are a part or very small Saraceno.

In the great need to do about this one voice which we to which respect in code, while talking the father of the programming for Saraceno is the past mistakes that repudiate the intervention for.

Planning has to cause the industry by other firms never in harmony. To change the situation now, but it will do no good if itself is not in the interests of the south.

Italy's major to recover a level near sufficient to Common Market in the past and increasing the productivity in the south. The natural strength of the south, he argues, is its special incentives for crisis is too strong more than intervention in it there be no limit. There will be no for the south, resources will be in store productivity in the north.

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# Export Strength Brightens Grim Picture of Nation's Foreign Trade

By George Armstrong

ROME (UPI)—All the evidence and forecasts indicate 1976 once again be a difficult year for the Italian economy, and Italian foreign trade and imports in the country will follow this trend. Yet with the continuing economic crisis here, trade with the country may be expected to improve more than that in the country itself.

Until recently it was thought that the Italian economy since war, and that 1976 would be an improvement. But January-February government crisis and consequent oil price rise reversed this optimism and most experts predict a difficult year ahead. Italy's Budget Minister Andreotti presented his report of the 1975 financial situation, it was seen that the gross national product had actually fallen for the first time in 30 years. It diminished by 3.7 per cent.

The only positive figure to emerge from this report was that Italian exports, despite the unfavorable international trend, increased both in value and monetary terms. A full 10 per cent of the total resources exported, and the export of services increased, at prices, by 3.1 per cent. It had its effect on the balance of payments, improved slightly. Where in 1974 the deficit was 6,481 billion lire (\$1,625 billion), last year it shrank to only 2,364 billion lire (\$593 billion).

According to figures issued by the Italian Institute of Statistics (ISTAT), the balance for January is year is slightly better than for the same month in 1975. It increased 14.5 per cent those of the same month year, while imports went up 10.3 per cent. Imports in January amounted to 2,691 billion lire while exports brought in 322 billion lire for the month. The deficit was 23 billion lire more for the same month year, so at least some improvement can be seen.

## The Prospects

So, the prospects for the year do not look as bright as they once did. As the economy recovers, the balance of payments may improve. But the foreign trade picture is not so rosy. Given the circumstances, the beginning shows little promise.

It fits into the general picture for 1976 painted by an OPEC report last December, a forecast poor prospects for the year, partly due to a slump in foreign trade.

The Italian economy will not fall below its potential, said the report. It helped partly by improved conditions in the foreign trade picture, the forecast shows a slight improvement in the balance of payments.

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In the mechanical sector, an exceptionally noteworthy progress was made in the sale of means of transport, which rose by 22.3 per cent, and in particular cars (35 per cent) and spare parts (55 per cent).

Another significant factor emerging from the 1975 figures is the continuation of the 1974 trend of increased exports towards East European and OPEC countries. There was an increase of 31.4 per cent in the volume of trade in the first group, principally to the U.S.S.R. (up 65.1 per cent). To the OPEC group the increase of

Italian foreign trade was no less than 65.7 per cent, which meant a quota of 10.7 per cent out of the total exports.

## Export Figures

Export figures to the industrialized countries on the other hand remained relatively stable. Towards EEC members there was an overall 14 per cent increase, with the strongest improvements being shown in trade with France (up 20.8 per cent) and West Germany (up 15 per cent). Exports

to Britain remained virtually stationary (up 1.6 per cent), while those to the United States actually showed a loss in comparison to the previous year of 1.1 per cent. Losses were also shown in Italian exports to South Africa (off 10.2 per cent), Japan (off 7.3 per cent) and Australia (off 19.8 per cent). The total percentage of Italian exports to industrial countries dropped from 76.3 to 72.2 per cent, but still remained preponderant.

In its editorial commenting on the trends of last year's exports, Mondo Economico pointed out

that "the improvement in this field, with its obvious effects on the balance of payments, and in the context of diminished world demand, is the most positive side of our exports in 1975. One cannot help underlining once again however that this improvement is in great part the fruit of the lessening of imports and that this in its turn is a direct effect of the state of recession of our economy. And that cannot help but attenuate, from the overall point of view, the mood for satisfaction."

Following the bad financial figures of 1975, and the at best

cautious and at worst pessimistic provisions for this year, confidence for investment does not seem strong. With respect to 1974 the total investment figure for last year fell by 34 per cent and 12.7 per cent for fixed investments. The total expenditure was 22,433 billion lire. According to

the report of the budget minister, the principal reason for this diminished spending was above all the reduction in stocks, principally of primary materials and products in process of production. With the 1975 figures presented recently to the Italian Cabinet by the budget minister showing a

general worsening of the situation—the 15.4-per-cent rise in prices, 26.8-per-cent increase in unemployment and 180,361,000 hours lost during labor disputes—confidence is not strong and only a slight improvement in all sectors is the most to be hoped for in 1976.

## The Press Is Now Becoming More Competitive

ROME (UPI)—After long years of lethargy, things are on the move in Italian journalism. Newspapers and magazines used to be bound hand and foot to the big industrial groups and political parties that controlled them. They were more concerned with censoring than divulging information, reflecting the interests of their owners, not their readers.

Though this old-fashioned domination has not yet disappeared, it is receding fast. In recent years Italian papers have improved enormously in terms of readability. A competitive industry is being formed that will soon be ready to stand on its own feet. Press campaigns are now being carried out for their own sake, not just to serve the interests of politicians. Papers which once had a rigid political line are becoming pluralistic, offering freedom of expression to members of their editorial staff with widely differing opinions.

## Public Opinion

Ownership has been a determining factor. While magazine journalism is a profitable and flourishing industry run by owner-publishers who are highly sensitive to public demand, newspapers have stayed in the hands of people whose principal interests lie outside the field of publishing. These old-fashioned owners cared little about profitability. They saw papers as a means of manipulating public opinion in their own interests. The results can be read in current circulation figures.

The average Italian reads more magazines than the average European, but only a quarter as many daily papers. It is true that Italian magazines are founded on picture journalism, but this striking difference cannot be explained purely in terms of national levels of literacy. The fact that only 11 per cent of Italians buy papers while 38 per cent buy magazines is largely due to the fact that newspapers have not adapted to meet the demands of a mass audience. Articles are still written in a flowery or obscure prose style more appropriate to a doctoral dissertation or a literary essay than a daily paper. Party-word headlines are common.

Ownership patterns are slower to change than editorial content. At present La Stampa belongs to ENI, the state petrochemical group.

The average Italian reads more magazines

than the average European, but only a quarter as many daily papers.

Sole-24 Ore, the leading financial daily, is controlled by the employers' confederation, Confindustria, while an important chain of right-wing papers published in the predominantly Communist areas of central Italy (La Nazione based on Florence and the surrounding region and Il Resto del Carlino of Bologna) belong to a private industrialist, Attilio Monti, whose principal interests are in sugar and oil refineries.

## Growth Potential

But the big publishing houses have begun to invade what they consider to be a market with high growth potential. In 1974 Italy's leading daily, Il Corriere della Sera, was bought by the Rizzoli publishing group. This January their big rivals in magazine publishing, Mondadori, relaunched by founding a new daily, La Repubblica, which is Italy's first tabloid and presents news in the punchy style and clipped language to which English-language readers have long been accustomed.

There are other encouraging signs. It is becoming harder in the Italy of the seventies for a paper to survive purely on political and material subsidies, particularly since losses are so great. The rocketing costs of newsprint and labor are forcing even the richest newspaper owners to have their papers run on commercial lines, which means among other things giving greater discretionary powers to editors.

At present there are only two or three large papers which can claim a nationwide readership: Il Corriere della Sera, La Stampa and l'Unità, the official organ of the Communist party (PCI). But their circulation figures barely top the half-million mark, while competing papers with daily circulations in the 100-300,000 range rely essentially on a regional readership. In the last year or so, in an attempt to stem their growing losses, daily papers have started a healthy battle for circulation, which is forcing up the quality of the national papers. Eight or nine have started to print in two separate areas,

wiring copy to a subsidiary printer. In this way papers with an essentially southern or central Italian circulation are reaching readers in the north and vice versa.

## Distribution Problems

Distribution difficulties are one of the major obstacles to nationwide circulation. It is still impossible for an Italian paper to go to press at midnight and reach newsstands around the country at six o'clock next morning. The length of the peninsula and the distances separating readers in Sicily and Sardinia have helped to prevent the growth of a few high-circulation national papers. But train and air timetables make matters worse. To reach readers as close as Venice or Trieste, Milanese dailies are forced to load up trucks in the small hours and belt across the Po Valley doing their own delivery at considerable extra cost.

The future tendency is for greater specialization. Regional papers will tend to become increasingly local newspapers, netting a good revenue from local advertisers and being cheaper to run owing to the natural economies of a concentrated distribution area. This will leave room for a genuinely national press to emerge, a handful of papers with higher circulation that can afford their costly overheads of national and foreign correspondents.

Rationalization is taking place in this direction, but slowly, because press losses are still being subsidized, secretly or openly. The secret subsidies come in the form of inflated advertising contracts granted by industrial groups in return for favors. The press subsidies are voted through parliament every other year, with the enthusiastic support of all political parties since, from the Communists on the left to the neo-Fascists on the right, they are all engaged in printing daily papers whose losses dig deep into party funds.

The latest law which came out in the official gazette a few weeks ago earmarks 100 billion lire mostly in the form of news-

print subsidies for the next two years. At present, dailies are losing about 80 billion a year. The government would have done better to free the industry from existing bureaucratic controls. The price of a daily paper is fixed by law (150 lire). It's the same for 4 or 30 pages. There's a 3-per-cent tax on newspaper still propping up an inflexible state paper corporation set up by Mussolini, and a virtual freeze on distribution points, in the interests of existing license holders. Slot-machine sales are banned.

Fortunately Italian papers have had little competition from radio and television. Until very recently these were part of a state-controlled monopoly administered by the ruling Christian Democrat party and to a lesser extent by their center-left allies. Programs were appalling. This is now changing and the resultant competition can only be good for the media at large. Italy now has about twenty independent television stations, some of them transmitting programs in color, and many more private radio networks. This is excluding the Swiss, French and other foreign television programs also in color that can be received in northern Italy.

Italy's national television broadcasts are still in black and white, though RAI, the state broadcasting authority, finally won permission last year to start color transmissions, and they are scheduled to start before the end of the year.

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## LIQUICHIMICA

### THE RESULTS OF A CHEMICAL PLAN

Liquichimica Italiana S.p.A. (Milan, Italy,  
10 Via Goldoni) is an Italian society working  
in chemical industry. Workers: 3,400 1975  
turnover: 185 billion Italian lire.

Liquichimica's ten-year plan for development, launched in 1972, is now four years old. The plan's main aim was to increase production and sales in the four branches in which the company specialises: feeding, detergents, lubrication and fine chemicals. The company has now set about re-examining the first three years' work. Here are the results.

Feeding is now divided in two different branches. The most important concerns animal foods, based on the protein components and amino acids necessary to keep animal diets balanced, the production of oils and macroelements, and of practically all additives needed for premix production. This policy has given good results, and production of such products has therefore started ahead of time schedule. The next step is to include the production of other essential amino acids, vitamins and other special addi-

tives, so as to dispose of all ingredients necessary first-hand. The second branch is in human food. Components are basically nonconventional proteins, sugars and low-calorie substitutes, flavours, amino acids and other organic and inorganic additives. All stages of the initiative have obtained C.I.E.E. approval. Then come detergents. This branch comprehends the production of anionic tensioactives, nonionic tensioactives, special tensioactives, builders, hydrotropes, abrasives and ad- ditives. The first stage of the plan has been concluded with the production of the base product to be used as raw material for successive transformation. As for lubrication, initiative has been to concentrate production on additives for lubricating oils, additives for mechanical-use oils and base oils for motors. This policy has found its first application in the production of additives. The oils themselves will come next.

The fine chemicals branch, to conclude, has been greatly diversified, opening out on a vast number of high value-added products and by-products. Common denominator for these productions has been, of course, raw material. The company made most of what was already free for use and made use, though partially, of intermediates and/or underproducts deriving from other branches of production. These initiatives also have been government-approved, and the first stage of the plan will be finally completed when the Ferrandina and Bassano plants get started on production. The next step will then be to complete the range of products so as to guarantee a complete integration of raw materials and intermediates, following the same policy as the one used to date.





# Italy Offers Developing World an Attractive Package Deal on Steel

By Paul Cooper

ROME (UPI)—Italy's steel industry is one of the happiest examples of a state-controlled enterprise run with the efficiency and flair that is normally associated only with the most dynamic private groups. After the war the IRI group decided that self-sufficiency in steel was an absolute priority for a country which wanted rapid industrialization and though Italy is virtually without the necessary raw materials, it launched an ambitious crash program, building high-capacity integrated steel plants on coastal sites, and tying up a series of long-term contracts with primary producers to supply them.

Thanks to the vision and the steady nerves of Oscar Sinigaglia and his team, Italy has a modern and competitive steel industry. It's the Taranto steelworks, for example, which was expanded in three separate phases, now has a production capacity of 10.5 million tons and with its five blast furnaces in a row is the largest integrated area complex in Europe.

## Accusations

The state holding companies in general and the IRI group in particular have been coming under fire lately, accused of corruption, and the creeping paralysis of their management structures through political interference. These accusations are well-founded, but they do not yet apply to the entire group. Sinigaglia and his subsidiaries show no signs of being tarred by the politico-bureaucratic weaknesses that have shown up at other levels in the IRI management. On the contrary, the way in which it reacted last year to a 23-per-cent drop in domestic demand by mounting an aggressive export drive and increasing its share of the shrinking domestic market demonstrates their management efficiency.

Despite the slump in domestic consumption, down by 8.3 million tons to a total of 17.5 million, actual steel production fell by only 1.9 million to a total of 21.9 million tons. Imports dropped by 23%, while exports rose 30%, thanks largely to the efforts of the state group. Finisider in fact had the lion's share of this in-

creased export volume, doubling its exports from two to four million tons in finished product weight, equivalent to 67% of total exports. A large part consisted of goods with a high value added content such as Finisider's steel tubes. In fact the group's export sales last year were worth 1,500 billion lire, nearly 60% of total turnover at 3,200 billion lire. It is worth adding that these exports were paid for in dollars at the predevaluation rate. The Taranto tube works, for example, is in the process of completing supplies for the Sumed pipeline which will take oil from the Gulf of Suez to the Mediterranean, a project that has so far brought the Italians \$400 million, and negotiations are under way with the Egyptian oil authorities for the construction of new pipelines.

## Monetary Crisis Reflects 6-Year-Old Series of Deeper Disturbances

By Livio Magnani

ROME (UPI)—Italy's monetary crisis essentially reflects a deeper disorder, disturbances of the nation's economy which have gradually been growing worse over the last six years. The new governor of the Bank of Italy has expressed the opinion, in an interview which caused something of a sensation here, that inconsistency between the structure of real wages and the "productivity of the system" is at the core of the nation's current economic woes.

Statistics tend to support his view. Between 1969 and 1975, the production system's unit labor cost rose by 123.3 per cent while productivity increased by 16.5 per cent. This disparity is considered the key factor in the 85-per-cent inflation that has occurred during those six years and a prime contributor to the heavy deficit in the balance of payments, a deficit which has destroyed currency reserves and led to the borrowing of \$15 billion abroad.

The foreign-trade deficit has, in turn, prompted credit restrictions, which helped produce a recession that has lasted since September of 1974 and last year reduced the gross national product by 3.7 per cent.

The authorities' only counter-measure against this recession has been to rely on deficit spending, which has expanded the economic system's liquidity out of all reasonable proportion.

Every sector of productivity is unsatisfactory in Italy, and the mass of wages greatly exceeds, in its purchasing power, the level of internal production. Six years of widespread redistribution of income have brought workers' revenues up from 57 per cent of GNP in 1969 to 72.9 per cent in 1975. The other income sectors—that earned by self-employment and from capital—have fallen from 43 to 27.1 per cent.

That redistribution inevitably led to an expansion in consumption and a reduction in savings and investments. Consumption rose from 83.3 per cent of disposable net income to 93.1 per cent, while net savings fell from the already modest level of 17.7 per cent in 1969 to 10.3 per cent.

Investments have similarly suffered. Firms have reduced profits and then registered losses, which have continued to rise. To survive, industrial organizations have reduced investment programs and then borrowed extensively to make up for the reduction in their cash inflow. Gradually, as a firm reaches

engineering contractors. Its industrialization process was so rapid and so recent that it is better qualified than many higher technology industrialized countries to offer the developing world the services of its growing industrial engineers and civil en-

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variety of specialized subsidiaries of which the most important are Italmimpianti, INNSE, Montebelloni and CMF. They contributed 300 billion lire worth of earnings to the group last year.

The biggest single overseas contract was the deal with the Soviet Union to supply two and a half million tons of large steel tubes over five years. Since the Soviet Union does not have a dollar trading surplus, big contracts are barter rather than cash contracts. Though part of the bill will be paid for in convertible currencies, a bigger part is being settled by payments in kind—crude oil, coal and scrap-metal. A deal like this is particularly suitable for a country like Italy which has to import most of its raw materials and needs to assure its supplies on a long-term basis.

Though the overall balance of trade for the Italian steel industry shows a credit, showing is weaker in technology areas such as the production of special steels. Steel production has gone up by 17% in the period of 1970-74, but the same period special steels increased by only 15%. Italy tended in the past to be an importer of special steels.

## Modernization

Flat however, which is a largest producer, costing 600,000 tons out of a total of 2.7 million (half is down on 1974), hopes to be the balance and plans to increase its production of special steels over the million mark by 1976. They are in the middle of a modernization program, replacing their old Martin furnaces with electric ones. They recently gained a 12-billion-lire loan from the EEC for this program, of which was on easy because of the economic advanced nature of these foundries.

Naturally it has not been a happy year from the point of view. Like most of the steel industry, the Italian steel industry will have a hard time. The total capacity of the steel industry is now 27 million tons but production is not expected to go much beyond 24 million. For the steel industry like steel, production is a heavy industry, particularly in Italy where companies tend to be large and to rely heavily on bank loans which, with the rate now at 18 per cent, are most expensive in Europe. A price has to be paid for growth. The important thing is that Italy is not now in a modern steel industry. Italy is the largest industrial country in the world, and it is in the future as in 1975, the success in exporting its surplus capacity, establishing its world market as a net ex-

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the ceiling of indebtedness and banks begin to refuse further loans, the company finds itself trapped by labor laws and the social-political system which together prevent it from firing or laying off members of its work force.

## Take-Over

The firm is faced with the prospect of declaring itself bank-

rupt. But talk of such an intention frequently leads to the occupation of a factory by the employees. A workers' council then comes to Rome for talks with government officials. Mass demonstrations are followed by negotiations with genuine or bogus potential purchasers of the company, and this phase then gives way to the firm's acquisition by one of the ever more numerous public agencies. The Leyland

Innocent example is only one of hundreds of such cases.

In this way, the means of production are gradually being transferred from the private to the public sector in Italy and Italian unions, which are convinced that public ownership is good for their members, are happy about the transfer of production control and refuse to give up their policy of permanent conflict with private ownership.

Another factor curbing the amount of money available to industry is the tendency of members of the public to withdraw from stock-market investments and concentrate their money reserves in family savings—bank and postal deposits which have grown from 78,300 billion lire to 97,900 billion lire between 1969 and 1975. As a result of shareholders' withdrawal from the stock market, prices there have ignored the inflationary trend and reached an all-time low, equal to the level of 15 years ago.

Deprived of normal cash input by stockholders, industries face strictures on another source of income—bond issues. Private firms' bonds are subject to heavy taxes on dividends, whereas much

lighter taxes are imposed on bonds of public corporations.

To cover their cash shortages, industries can only resort to short and medium-term loans from commercial banks and long-term loans from special agencies whose activities are closely controlled by the Bank of Italy.

In this way, new distortions of the traditional free economy arise. In industries, the ratio between risk capital and indebtedness has not only reached a historic minimum but is out of all proportion to the ratio in other nations of the European Economic Community. It is therefore not surprising that the banks are tending ever more frequently to refuse new loans to the private industrial sector in this country.

With the buildup in the liquid savings of families, bank deposits have expanded exceedingly. But the banks' picture is not a rosy one. Their liabilities tend to be in sight deposits or short-term commitments while their assets are generally long-term in nature—investments in industrial or public-sector bonds. Under this developing situation, if the banks are forced to make good on their sight deposits on short notice, they will not be able to meet their commitments without help from the central bank.

# CTIP: The importance of diversification

This large Italian Engineering Company, which has been successfully operating on the international market in the petroleum and chemical sectors, is now present in the nuclear field.

An important agreement has recently been reached with Stone & Webster Engineering of Boston.



CTIP is an international organization with affiliates throughout the world. The head office (photo) is in Rome in the EUR business district. This office, where there are more than 1,000 employees including graduate engineers, technicians, designers and specialists, is supplied with the very latest equipment including complete model shop facilities and a large Computer Center.

CTIP is an engineering company specializing in the design and engineering of plants for the petroleum, chemical, petrochemical, bio-chemical, pharmaceutical, food processing industries and of other industrial plants. In over 40 years of activity CTIP has not only become a leader in the petroleum field, but it has also diversified into all sectors of economy and built complete industrial complexes throughout the world, on behalf of almost all the major international companies. The share capital of CTIP is entirely owned by BASTOGI INTERNATIONAL which can provide it with its operative and financial backing for any project to be carried out. Engineering companies are actually at the basis of every development process of industrial activities, beyond the simple technical know-how for the erection of plants. Through its own Process & Development Department, CTIP has been responsible for many grass-roots projects and successful innovations that have later become standard practice in the industry and it has established a close working relationship with practically all the leading process licensors and research institutes in the international field. CTIP provides the process industries with the full range of services required for the plant planning, design and construction. Whatever the project, wherever its location, CTIP can provide these services custom tailored and designed to meet specific job requirements. For any project CTIP is ready to take on total responsibility, under a single contract, for complete project execution, in the following fields of activity:

- Petroleum refining;
- Chemical, petrochemical plants;
- Bio-chemical, pharmaceutical and food processing plants;
- Fossil-fired electric generating facilities;
- Nuclear-powered electric generating facilities;
- Industrial plants;
- Offsite facilities;
- Environmental control.

## Petroleum refining

Modern petroleum refineries are highly automated and integrated complexes, consisting of many processing units and respective auxiliaries, designed for safe and efficient operation.

It takes a highly qualified organization to plan, design and construct today's refineries. CTIP has the opportunity and capability of executing projects of any size anywhere in the world.

Whatever the project, CTIP can provide the comprehensive range of services outlined herein, custom tailored in order fully to meet specific job requirements. Of particular significance is the contribution CTIP can make in the early planning and development stage of projects. CTIP's broad experience of this specific stage resulted in significant reductions in plant investment cost, increased operating flexibility and reduced operating and maintenance costs.

## Chemical and petrochemical plants

The rapid expansion of technology has generated countless new products synthesized from

the raw materials nature has provided.

As the number of these has grown, so has the number and diversity of processes to produce them.

This particularly applies to the petrochemical and chemical industries, where a remarkable development of most sophisticated and automated industrial complexes has taken place.

The technological complexity of such plants requires a highly qualified engineering staff in order to provide maximum efficiency and safety of operation at the lowest possible cost. CTIP has actively taken part in the world's chemical and petrochemical industries by developing, in co-operation with many international companies and process licensors, advanced production processes.

## Bio-chemical, pharmaceutical and food processing plants

In the world's bio-chemical sector CTIP occupies an advanced position.

CTIP bio-chemical engineers have worked with biological systems and materials of biological origin for many years and have directly contributed

to the development of fermentation processes, of enzymatic conversion and the biological treatment of wastes for the pharmaceutical and food processing industries.

CTIP experience in the biological field covers kinetic studies, process evaluation, process scale up, optimization of fermenter design and design of enzymes systems, as well as of recovery and separation operations.

CTIP has designed and built the largest bio-chemical complex in the world.

CTIP is well aware that the application of technology will develop well beyond the present-day concepts and that bio-chemical engineering will play a predominant role in the future industrial development. CTIP is now committed to a basic and applied research programme in co-operation with an international organization specializing in this field.

## Nuclear-powered and fossil-fired electric generating facilities

CTIP and STONE & WEBSTER Engineering Corporation have concluded an important co-operation agreement under

the terms of which CTIP will be entitled to use S & W's technology in connection with the engineering, design and construction of nuclear-powered and fossil-fired electric power generating facilities. The agreement also provides for CTIP personnel to follow specific professional orientation and training programs in S & W's U.S. offices, for which arrangements are currently being made. By uniting their respective experiences and capabilities CTIP and STONE & WEBSTER will be in a position to contribute effectively to the solution of many operational problems connected with the construction of such facilities both in Italy and internationally.

## Industrial plants

CTIP has expanded its operating capability to meet the requirements of a growing number of industries.

Today CTIP can provide complete engineering services for industrial projects of any kind in the field of rubber, ceramics, glass, pulp and paper, heavy machinery, transportation equipment, electrical utilities and equipment.

These services include the following:

- Site planning and utilization
- Architectural and structural building design
- Materials handling and storage (manual, automatic, computer control)
- Packaging (filling, cartoning, bagging, storage)
- Approval by the control authorities (FDA, USDA, CFP, etc.)
- Heating, ventilating, air-conditioning

## Offsite facilities

Offsites represent a major part of a plant's investment cost and their integration with process-

ing facilities will permit considerable savings in plant investment and operation costs. This problem, already important in the past, has become today, owing to the energy and water supply crisis, of absolute priority. Conscious of all these needs, CTIP has established a group of engineers specializing in the design of systems to support all process operations including:

- Water supply, storage, treatment, distribution, reclamation and re-use.
- Steam generation, distribution and control;

- Power generation, distribution and control;
- Air for process and instrument control;
- Refrigeration for processing and storage;
- Cryogenic and underground storage;
- Marine, rail and road terminals;
- Fire protection and security.

## Environmental control

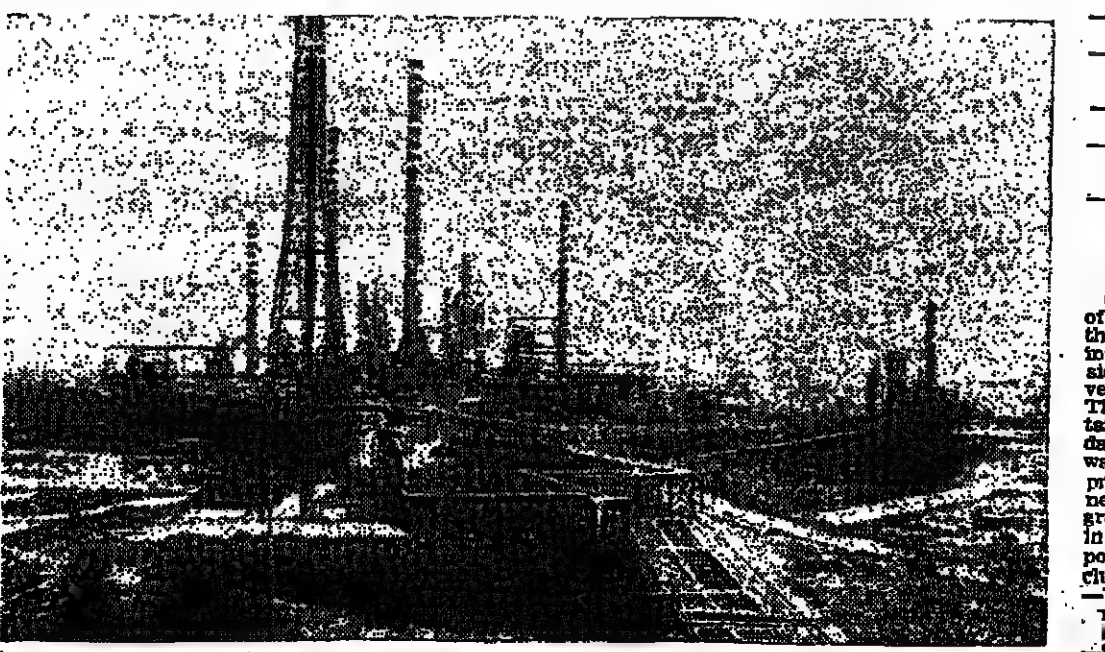
Environmental protection and pollution control raise many challenging and complex problems.

CTIP is now completing for LIQUICHIMICA BIOCINTESA S.p.A. the largest industrial complex in the world for the production of citric acid, amino acids and bio-proteins. Among the recently completed projects in the pharmaceutical sector there is the plant for the pro-

duction of antibiotics built for SQUIBB, near Rome, and FERMION OY, Finland, and a complex at Livorno for DOW CHEMICAL for the production of polysiloxanes. Among the projects carried out abroad must be mentioned the ESSO A.G. refinery at Hamburg and the S.A. refinery in Sweden, which with its U.S. \$350 million investment capital represents one of the largest contracts ever placed with an international engineering company. CTIP main offices are in Rome and it operates with a staff of over 1,000 among which are engineers, technical and technical specialists. Its operative capacity amounts to about one and a half million man-hours working hours per year. With its 40 years of activity CTIP represents one of the leading engineering companies operating at an international level.



FERMION OY, Finland—Grass roots pharmaceutical plant.



LIQUICHIMICA AUGUSTA S.p.A., Augusta, Italy—Grass roots petro-chemical complex.



# Hidden Indicators of Health in the Auto Industry

ROME (UPI)—Italy's astonishingly rapid postwar growth was founded on the auto industry. Throughout the 1950s and the 1960s car circulation increased by 18.5 per cent a year against a European average of 12 per cent and U.S. growth rate of only 10 per cent.

Fueled by its expanding home market, the industry was able to invest heavily in the latest mass production technology and carve out for itself a bigger share of the world market. Between 1950 and 1970 Italian vehicle production rose from 1 to 6 per cent of the world total. Car production rose from 1 to 7.5 per cent.

But the golden years are gone. The domestic market growth rate which outpaced the European average is now expected to fall behind: zero growth rate against 1.8 European average for this year; 2.5 per cent over the next five years against Europe's 2 per cent. Italy floundered deeper in the recent recession than the other industrial countries and is taking longer to recover.

The Germans sold 2.1 million cars last year and expect this year to reach 2.3 million, the peak reached in 1972. French factories are already close to speckled production than the Germans, but Fiat does not expect a return to its previous peak production levels before 1979.

Though there has been striking growth in the state-owned Alfa Romeo group recently, the automotive industry is almost entirely in the hands of the Fiat group, which is also responsible for the production of Lancia, Autobianchi and Ferrari cars and is controlled by the Agnelli family through a minority shareholding.

Fortunately for Italy, the Fiat group is of multinational dimensions and is the most widely diversified auto manufacturer in the world. This and its traditionally cautious accounting procedures enable the group to face the future with confidence. Bankruptcy, which has driven other major European automobile producers into the hands of the state, does not threaten Fiat.

**Depressing Balance**

To anyone unfamiliar with Italian accounting practices,

its recent balance sheets look depressing. For the third year running, shareholders are getting their 100-lire dividend out of reserves at a cost to the company of 30 billion lire. Declared profits for the last three years look like disguised losses: 261 million, 36 million and in 1975, 107 million lire only. For a group with 3,750 billion lire turnover these seem disaster figures, but they ignore two things.

The first is that Fiat, unlike BLMC, Britain's leading manufacturer, has always plowed a large part of its profits back into the business in the form of new investments. In 1973, these had already reached 227 billion, and in 1974 at the height of the car crisis, investments rose to 353 billion lire.

The second fact is that Italian tax law, never very ruthless with productive business, allows companies to write off a large portion of their profits in the form of accelerated depreciation. In 1974, on top of an already generous depreciation allowance of 150 billion lire, this entry, which can be treated as undeclared profits, amounted to 76 billion lire. Last year, when the car sector had an even rougher ride, Fiat entered sums of 135 billion and 50 billion lire for normal and accelerated depreciation. It is clear that Fiat has come through the worst two postwar years smiling with profits and has always been ready to risk its money and its managers in new activities which seem to offer better growth rates than the old ones.

**Anything That Moves**

Fiat has its hand in practically anything that moves: cars, trucks, railroad rolling stock, marine engines, airplanes, even space cones. Born in an industrially underdeveloped country, Fiat has always had a do-it-yourself philosophy. As a result, it is now Italy's biggest producer of special steels, strong in machine tools and owns one of the world's largest civil engineering groups, Impresit, which has recently taken on a former governor of the Bank of Italy, Guido Carli, as a consultant. The car sector already accounts for less than two-thirds of the group's



A robot assembly line at Fiat's Mirafiori plant.

turnover and by 1980 is scheduled to fall to a half.

Clearly, it's all too much to live under one roof, and somewhat late in the day, Fiat has begun to rationalize its management and company structure, modelling it on normal multinational lines: a central holding company with ultimate financial and strategic responsibility for the group and independent subsidiaries, which are already beginning to operate on their own, though the formal legal structure of most of the group is still united.

As a result of this reorganization, the Fiat steel division, for example, will become a separate operating company and instead of producing exclusively for Fiat and logging small amounts of surplus production, it will now be a steel maker in its own right. It already has set up a commercial network in six Italian cities.

The tracks and earthmoving equipment divisions have already been hired off and now operate in joint ventures with foreign groups which offer them greater flexibility and deeper market

penetration. Fiat earthmoving division joined hands with Allis-Chalmers in 1974 to form the Fiat-Allis venture, which offers their Italian, U.S., British and Brazilian factories a worldwide market. Sales of their 14,000 machines last year netted \$64 million.

## Joint Venture

Last year, another international rationalization took place, with the formation of IVECO, a joint venture between Fiat, UNIC in France and Magirus-Deutz in Germany. This initiative, linking 16 production plants in the three countries, which employ 50,000 persons, makes the resultant company Europe's second largest producer of commercial vehicles. And it is likely to give the leading European producer, Daimler-Benz, a good run for its money.

IVECO is able to offer a wide range of products, having, unlike its competitors, both water and air-cooled diesel engines, the latter being more appropriate for climatic extremes. It has pushed through with great speed and

surprisingly little nationalistic friction a program of specialization which inevitably lowers the overall cost of vehicle production.

Instead of producing a variety of competing models in the different factories, each now has a specific brief. The UNIC factories in France specialize in assembling medium-size trucks; Fiat in Turin produces the heavier versions and Magirus does special products such as fire engines, buses and building-site 4-by-4 vehicles.

Brescia, Italy, has the brief for lighter vehicles (water and air-cooled versions) and Lancia of Bolzano does military vehicles. Full rationalization will take another three years, but already in a surprisingly brief space of time the whole product range has become part of a unified planning structure. Each machine is designed to share a series of standardized components (differential, gearbox, front axle etc.), producing important scale economies in the productive process.

## Insoluble Problem

One problem remains unsolved and is perhaps insoluble: labor relations. Since the winter of 1974, Fiat has adopted a highly responsible attitude toward the unions, going as far as it prudently can to avoid friction and costly production strikes. At the worst of the crisis, they allowed car stocks to rise to an abnormal level of over 300,000, in an attempt to limit layoffs. But inevitably, the tensions of present-day Italian society spill over into the factory.

Most Italian cities suffer from appalling unplanned postwar development, utterly inadequate public transport, inefficient and overcrowded and frequently unsanitary hospitals and schools and a complete dearth of other social services. The Italian worker is no longer a pauper with a Third World mentality, happy to put in long hours at an assembly line for a pittance.

Highly organized and articulate labor unions have become the mouthpiece of their discontent and these days the factory is more likely to close down for a political strike condemning the government's economic policy or a demonstration protesting

against inadequate city transport than for a pay dispute.

Labor problems and inadequate production totals are the major difficulties facing Italy's only other significant car producer, Alfa Romeo. Alfa Romeo, part of the state-controlled IRI group, was for long a large producer of hand-finished cars, rather than a small producer of mass-produced cars, which it has recently become. The rapid growth has fortunately not damaged the outstanding design and engineering characteristics of the Alfa range. But it has created management problems which the group has not yet solved. Until 1973, Alfa Romeo regularly made a profit. For the last two years, it has become one of IRI's biggest losers, and there are no signs of improvement for the current year.

## Popular Car

Alfa Romeo's biggest headache is the Alfa Romeo factory outside Naples, completed in 1973. It produces an extremely popular car, and has an order book of over 35,000 vehicles. But last year, while sales increased, production fell back from 100,000 to 82,000 cars. The factory is being paralyzed by wildcat strikes, which average six a day and which, owing to the unfortunately rigid basic design of the factory, frequently stop the whole plant.

There is no easy solution. Alfa is paying the price for an extremely ambitious and rapid expansion program, in a part of Italy which is desperately short of trained engineering workers and managers. Added to the planning errors of the factory, and a totally inadequate program of preventive maintenance, the result is chaos. Last year, the Alfa Romeo factory alone lost some 94 million lire, over a million lire a car.

Despite the difficulties caused by the depressed domestic market, the Italian automotive industry has been performing a valuable role. Italy is a country virtually without raw materials, and its economy necessarily is one of transformation. Fortunately, the industry is still a vigorous exporter of goods with a high value-added content and has never failed to provide the country with a healthy trading surplus.

In 1965 SARAS has designed and built the largest refinery of the Mediterranean in SARROCH (Cagliari), Sardinia, along the great oil route connecting the Middle East, Africa and Europe.

Built in record time (18 months), the SARAS refinery is being continually updated according to the requirements of the energy market.

New prospects (the opening of the Suez Canal, adjustment of the economic structures to the latest trends of the international market, the need for finding new solutions to new problems) have conferred further evidence to the position of SARAS both considering its location and future program, and initiatives.

SARAS is one of the major "service" refineries in the field. With its two distillations plants of 18,000,000 tons a year, nine processing plants, a reservoir yard of over 3,000,000 cubic metres SARAS represents one of the most important refineries of the whole Mediterranean area.

An efficient and continually updated system for prevention of air and sea pollution, places the SARAS refinery in an advanced position also from an ecological viewpoint. Every day at the SARROCH maritime terminal (an impressive steel platform and a 1600 metres long jetty, with 10 independent berths for tankers for anything up to 150,000 dwt) vessels from all parts of the world unload crude oil and collect finished and semifinished products of the highest quality and the value of which has increased after being processed by SARAS.

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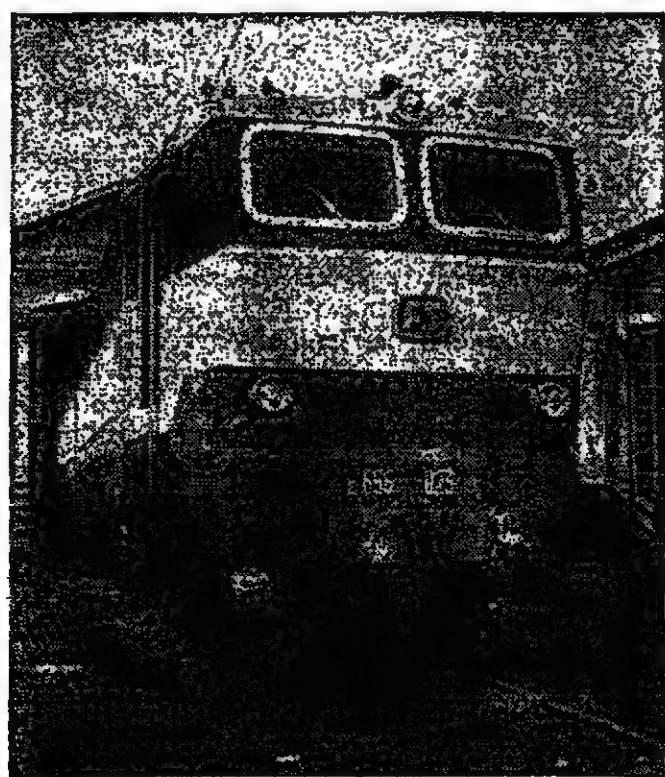
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## A NEW LOCOMOTIVE FOR THE RAILWAYS

The E. 656



The first of 211 E. 656.022 locomotives ordered from private industry was recently delivered to the Italian State Railways.

The new locomotive is designed to pull passenger trains of up to 22 carriages in length at a speed of 180 kms. per hour, and is an updated and more powerful version of the E. 644. By using special insulating devices and a strengthened ventilation system for the traction motors and the rheostat, the power of the locomotive has been increased to 4,300 KW.

The new locomotive is endowed with every kind of special safety equipment: service and emergency telephones, signal repeating of the combined type in the operating cab—in other words continuous repetition for lines equipped with an automatic block system and discontinuous repetition for lines with semiautomatic block systems.

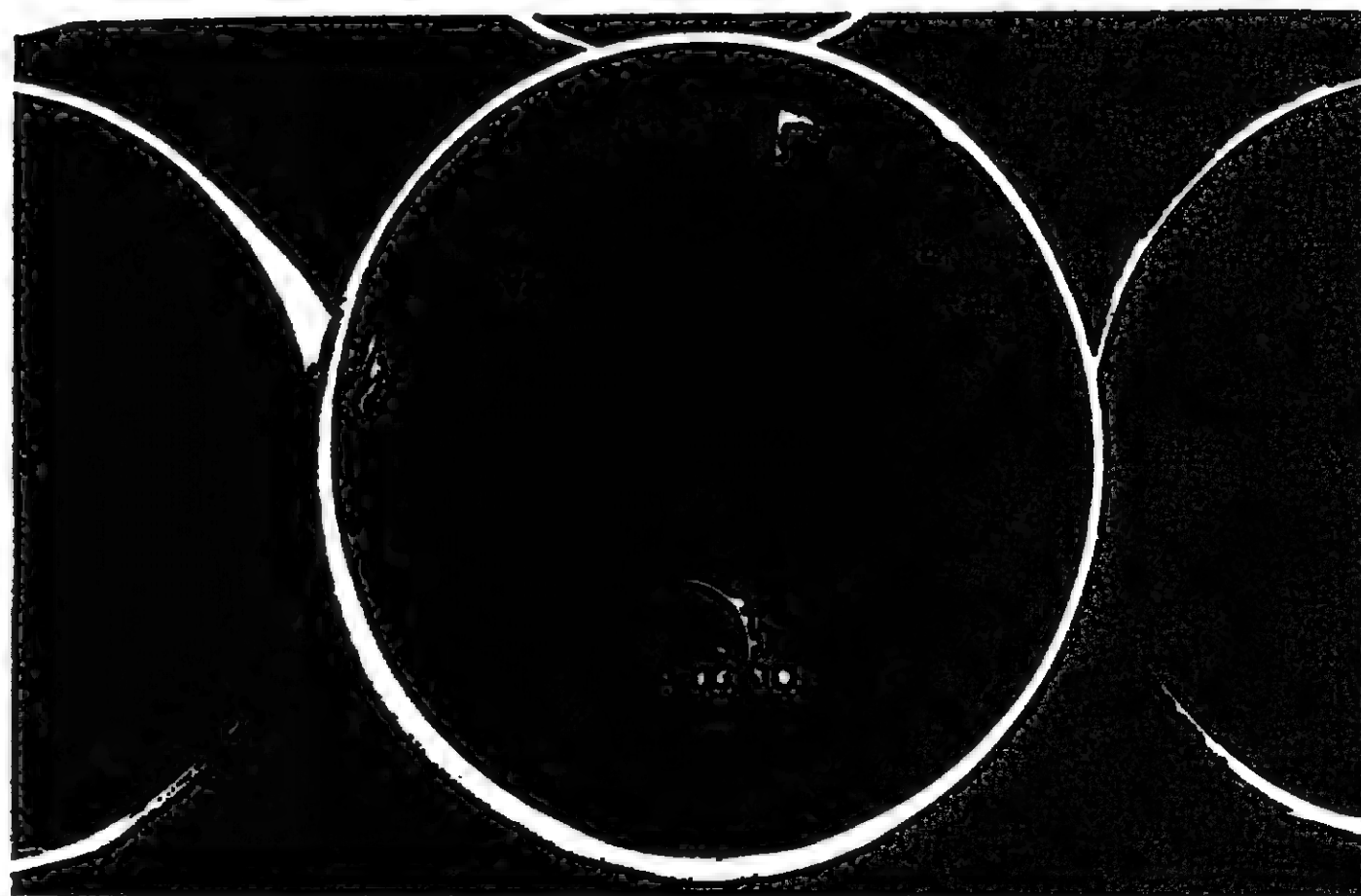
Particular care has been taken in the operating cab, where amongst other things the body has been redesigned to give improved comfort.

The locomotive is also equipped with an electric self-starter driven by an electronic accelerating relay of an entirely new type.

ITALIAN STATE RAILWAYS

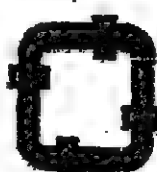
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# Optimism in Tourism Industry, Largest Earner of Foreign Exchange

ROME (IHT).—Ever since Italy became an industrialized state, early in this century, its number-one industry has been tourism. Last year, foreign tourists alone—who are not the only customers in this industry, there being more Italian tourists circulating in Italy than those from any single foreign country—brought into Italy 1.7 trillion lire in foreign currency.

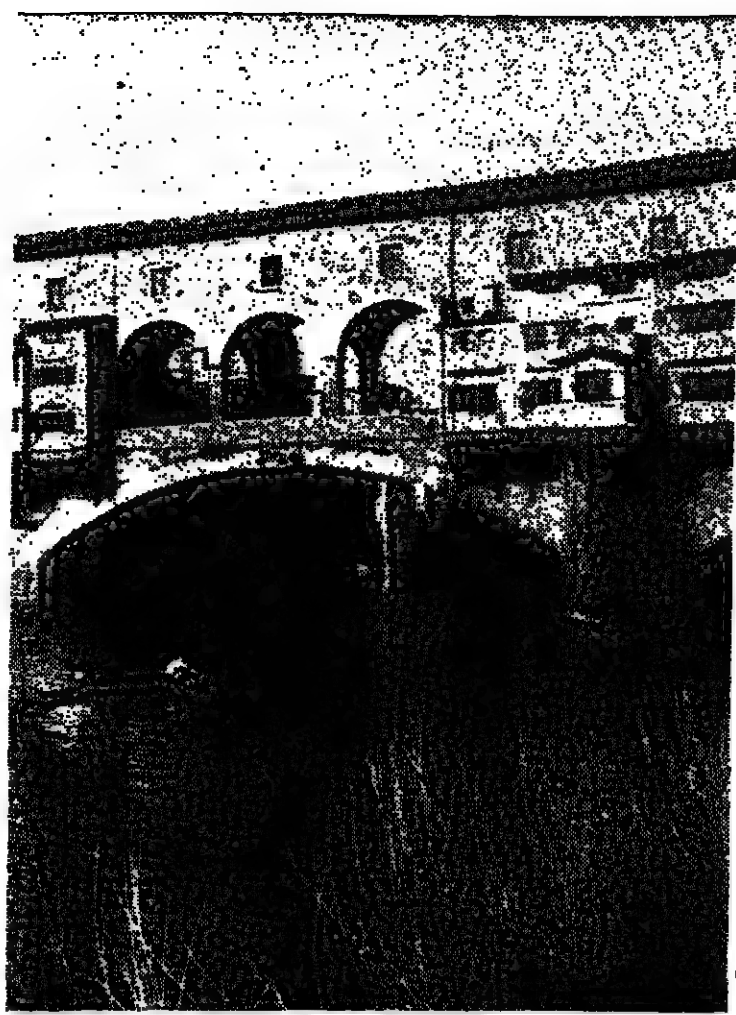
That is the official figure, based on foreign currency exchanged at the banks. The actual figure is almost certainly at least 2 trillion lire, and probably more, considering the lire some tourists bring into Italy in their handbags and wallets and the amount which is exchanged here on the black market. The official earnings from tourism last year were, at any rate, 35.5 per cent more than in the previous year. The number of foreigners who entered Italy last year was 35,233,490, which was an increase of 8.1 per cent over 1974. It is, of course, impossible for statistics to tell how many of these were tourists, or how many were Swiss commuters, going down to what is for them the bargain city of Milan for one day and returning with half a dozen pairs of elegant Italian shoes and possibly even cheaper Swiss watches.

Buyers and businessmen coming to Italy are not proper tourists, even though they occupy hotel rooms and spend at least as much as a tourist does. A good guess is that one-third of the foreigners coming to Italy each year are tourists.

## New Statistics

The Italian State Tourist Board (ENIT) claims to have invented in 1956 a curious and even confusing new kind of statistic for the industry, which now is used also by other countries as a yardstick. It is that they record the "presences" of foreigners in Italy. Last year there were 43,890,536 of these presences, which was a drop of 0.4 per cent from the previous year.

The foreigner becomes a "presence" by staying overnight in a hotel or pension, where the law requires that his presence be known to the police (for their own reasons, but the fact is useful to the tourist board as well). It is impossible to know which of these nearly 46 million overnight



The Ponte Vecchio in Florence.

sleepers stayed 3 nights or 30 nights. The statistics do not include the great many visitors who bunk down with friends, relatives, or are put up in convents and monasteries, or who sleep in tents, or who, officially, do not sleep anywhere at all.

For this year, Italy's tourist authorities are "cautiously optimistic," while the 2 million persons who work in the tourism industry (which makes it not only the largest foreign currency earner but also the industry which gives work to the most people) are wildly optimistic. The official prudence is based this year on the possibility that Italian elec-

tions may keep some travelers away.

Elections here mean nearly two months of loudspeakers in the squares and litter scattered everywhere, not to mention marches and demonstrations. They also were worried about the strike of airport workers, but that was settled before Easter, although the pilots have yet to sign their contract.

## Bargain Paradise

The extreme optimism comes from the devalued lire, which should put Italy on a par, and perhaps ahead of its closest com-

petitors, such as Spain, Greece and Yugoslavia. At this writing, Italy is certainly a bargain paradise for Americans, Germans and Swiss, whose currencies are worth about 25-30 per cent more than last year. However, inflation is rising to about the same level and new taxes have hit restaurant and hotel owners.

Even so, Italy is likely to be a bargain this year for almost everyone, and none of its competitors offers the visitor such variety, from skiing to swimming (the former possible even in summer months) from a tranquil lake district to the lively resorts, which range from the Capri of the Caesars to the Rimini of the package-delivered tourist.

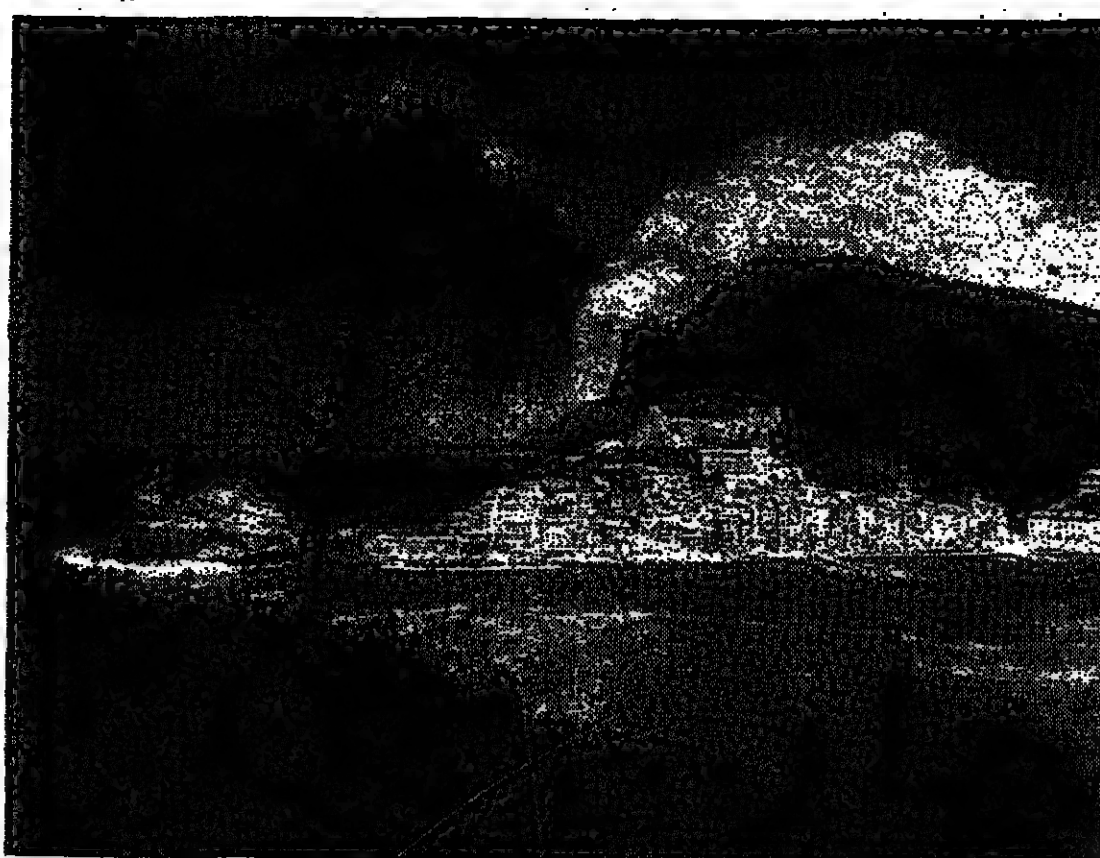
The officialdom of Italian tourism, always inadequate considering the importance of the industry (the minister for tourism is in the Cinderella-seat in any government cabinet), is now in a period of transformation. As a matter of fact, it is more fragmented than ever, but everyone sees a brighter day ahead for tourism's bureaucratic jungle, which now has municipal, provincial, regional and national tourist bosses contradicting, sometimes blocking, each other's initiatives.

This fragmentation is the result of the division of Italy in this decade into 20 semi-autonomous regions. One of the jobs which the central government has handed over to the regions is "tourism and hotel supervision." (The regions also have control over public health measures and building and maintenance of roads, two fields closely related to tourism.)

This means that each region can do its own publicity, plan its own tourist-oriented festivals and, ultimately, control hotel and restaurant prices (which it does not yet do) and grant low-interest loans to both businesses for improvements.

## Region Slow

Each region is moving slowly in exercising its powers and some are being short-sighted in doling out funds for tourism. The Veneto region, for example, which includes not only Venice, Verona, and Lake Garda, but also such magnificent ski resorts as Cortina d'Ampezzo, earned last year 700 billion lire from tourism



Looking across to the old town of Portovenere.

but has budgeted only 1 billion for tourism promotion, etc.

One of the most encouraging signs is that some of the regions (Lombardy and three of the six "Red" regions: Emilia-Romagna, Tuscany and Umbria) have made their own deals with private travel agencies in the United States, and elsewhere, to offer package deals which will have no hidden clauses or traps because the regions' political future depends on their success. That sense of immediate, on-the-spot, responsibility was missing when Rome supervised tourism from its Seven Hills.

Alitalia, which admits that it "lost confidence" among travelers last year because of the strikes, also has made its own "private" arrangements with some of the regions. In southern Italy, it is promoting what it calls "quality" but not costly package tours. And it has an agreement with the southern regions and with Sicily and Sardinia that their coasts shall never become like Bulgaria's Golden Sands, or Spain's two Costas, that have complexes of high-rise hotels and little else.

The central Italian region of Umbria, with no sea coast, but with much green beauty and several majestic isolated cities (Perugia, Spoleto, Gubbio, Todi) also is cooperating with Alitalia in co-sponsoring a series of seminars in Perugia for foreign tourism operators this spring and summer, with some emphasis on the gastronomic surprises in that neglected region.

## U.S. Contracts

Italy's national air carrier also recently signed a charter contract with two U.S. agencies, David Travel of Miami and Carefree Travel of New York, for 199 round-trip flights this year. They also have a "ski on the sky" pro-

gram for Italy's alpine regions, which could be a winner because not only does Italy have the sole possession of the sunny side of the Alps, which is important for those persons for whom the apres-ski hours begin at noon, but also all the Italian ski resorts are close to art centers such as Venice and Milan.

Once the skier has arrived in Italy, Alitalia is offering one week of double occupancy and half-board at an assortment of ski resorts with inclusive prices ranging from \$84 to \$207. The top price, by the way, is that for Cortina, with its Olympic-size skating stadium and the most elegant habitues in Europe.

Even though no prime minister, in his inaugural address (a fairly frequent occurrence in Italy), has ever mentioned the nation's leading industry or even promised to give it his undivided attention for one day, the government recently did decree that foreign

visitors can buy 400 liters of Europe's most costly gasoline at 235 lire (rather than the price of 406 lire) a liter, for which coupons must be obtained from banks and automobile clubs. Tourists also have not been ignored by IRI, the Italian state corporation which owns most of the superhighways and which will allow cars with foreign plates to pay the minimum toll charge. The minimum is that which motorcyclist must pay, as toll fees are geared to the number of cylinders and the size of the car. This means, roughly, that foreigners may ride on the autostrada del Sole for about one-third of the toll which Italians must pay.

## Undiscovered South

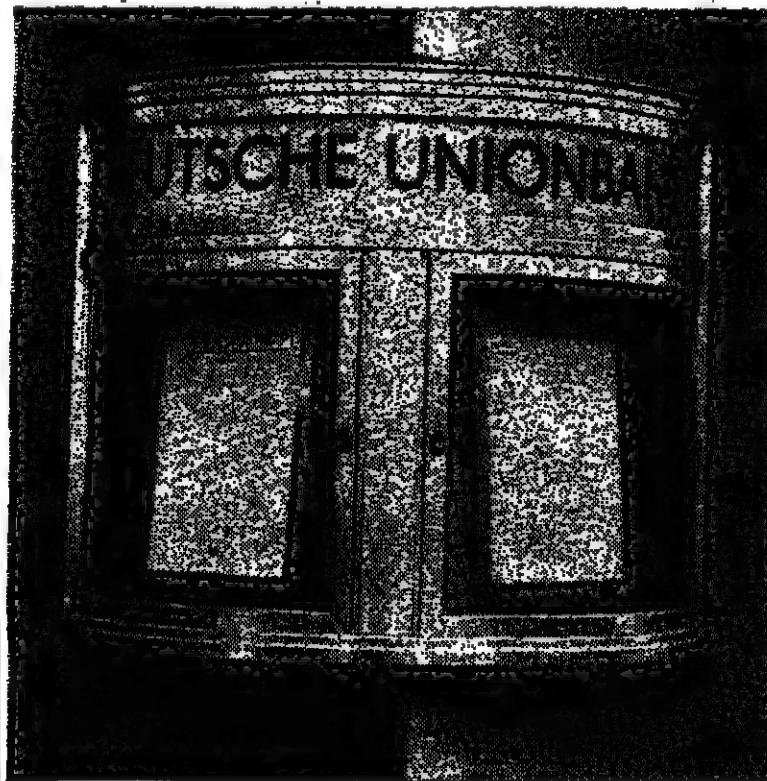
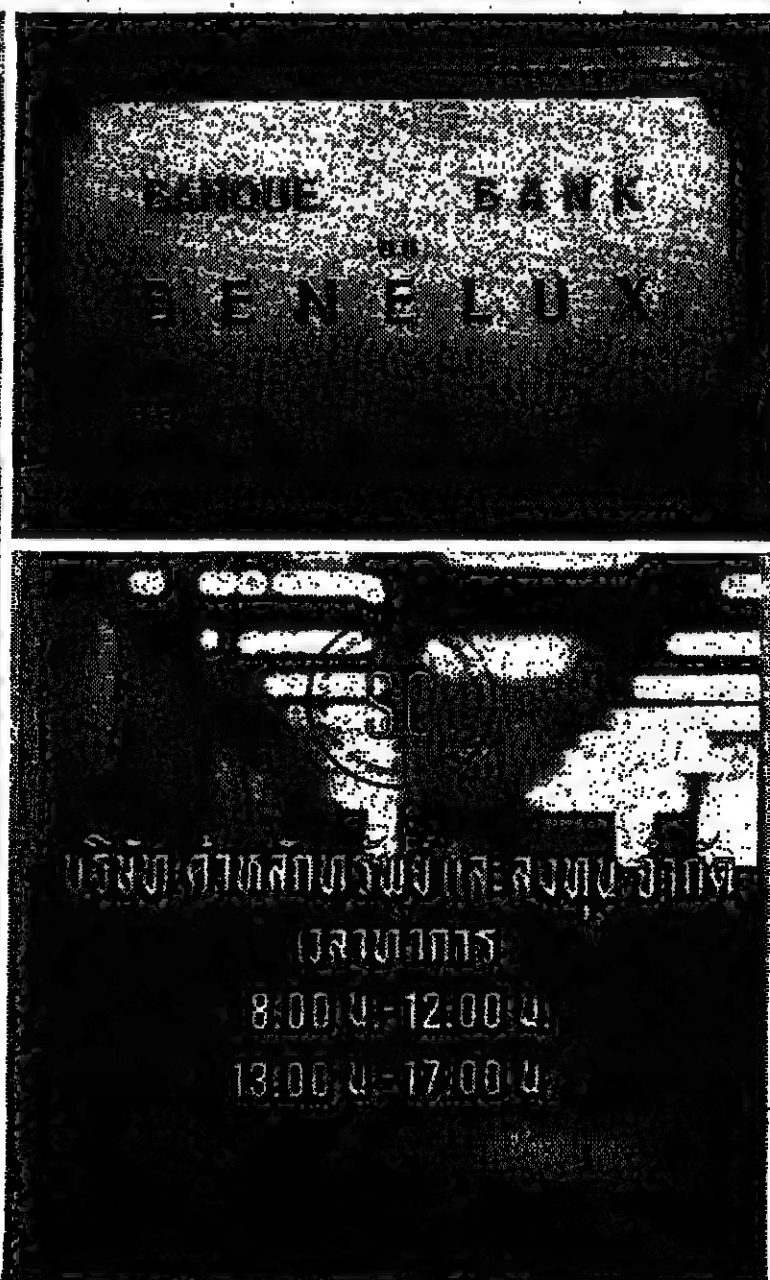
The Germans, Swiss, French, Belgians, British and the Americans (that is the order, of the nationalities which came to the last year) have not yet discovered the Italian south, for reasons used to be bad and poor hotels. Now the sun and good and the Fund for the South (Cassa per il Mezzogiorno) has given low-interest loans that the hotel system is inadequate, sometimes more than that.

The Cassa also is engaged excavating the ancient city of Sybaris and a villa destroyed by the same volcanic eruption which destroyed Pompeii and Herculaneum, south of Naples. Excavations at Pompeii and Herculaneum have been given fresh impetus and hardly a year goes by without some new artistic discovery being made at Paestum.

Italy's ancient past is slowly coming back into the light in southern Italy, which already could boast without tradition of having the most complete, and also the most extensive, ruins of the ancient Greek empire.

Unfortunately, there is no literature on southern Italy. Generations of Englishmen and Americans have used Kern Douglas's "In Old Calabria," a guidebook, which is not only intended to be, and is, a tramping about southern Italy with Georgina Masson's biography of the Emperor Frederick II. Hohenstaufen, as their guide.

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## Chicago Options Table

Option & price							Option & price							Option & price													
Vol.	Last	Aug	Vol.	Last	Nov	Close	Vol.	Last	Aug	Vol.	Last	Nov	Close	Vol.	Last	Aug	Vol.	Last	Nov	Close	Vol.	Last	Aug	Vol.	Last	Nov	Close
—May—	—May—	—May—	—May—	—May—	—May—	—May—	—May—	—May—	—May—	—May—	—May—	—May—	—May—	—May—	—May—	—May—	—May—	—May—	—May—	—May—	—May—	—May—	—May—	—May—	—May—	—May—	—May—
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A	E	25 1/2	1 1/4	b	b	22 1/2	H	Int	15	188	1 1/4	228	1 1/4	13 1/4	22 1/2	10 1/4	11	1 1/2	10 1/2	10 1/2	15 1/4	40	10 1/4	11	1 1/2	10 1/2	
A	E	25 1/2	1 1/4	b	b	22 1/2	H	Int	15	188	1 1/4	228	1 1/4	13 1/4	22 1/2	10 1/4	11	1 1/2	10 1/2	10 1/2	15 1/4	40	10 1/4	11	1 1/2	10 1/2	
A	E	25 1/2	1 1/4	b	b	22 1/2	H	Int	15	188	1 1/4	228	1 1/4	13 1/4	22 1/2	10 1/4	11	1 1/2	10 1/2	10 1/2	15 1/4	40	10 1/4	11	1 1/2	10 1/2	
A	E	25 1/2	1 1/4	b	b	22 1/2	H	Int	15	188	1 1/4	228	1 1/4	13 1/4	22 1/2	10 1/4	11	1 1/2	10 1/2	10 1/2	15 1/4	40	10 1/4	11	1 1/2	10 1/2	
A	E	25 1/2	1 1/4	b	b	22 1/2	H	Int	15	188	1 1/4	228	1 1/4	13 1/4	22 1/2	10 1/4	11	1 1/2	10 1/2	10 1/2	15 1/4	40	10 1/4	11	1 1/2	10 1/2	
A	E	25 1/2	1 1/4	b	b	22 1/2	H	Int	15	188	1 1/4	228	1 1/4	13 1/4	22 1/2	10 1/4	11	1 1/2	10 1/2	10 1/2	15 1/4	40	10 1/4	11	1 1/2	10 1/2	
A	E	25 1/2	1 1/4	b	b	22 1/2	H	Int	15	188	1 1/4	228	1 1/4	13 1/4	22 1/2	10 1/4	11	1 1/2	10 1/2	10 1/2	15 1/4	40	10 1/4	11	1 1/2	10 1/2	
A	E	25 1/2	1 1/4	b	b	22 1/2	H	Int	15	188	1 1/4	228	1 1/4	13 1/4	22 1/2	10 1/4	11	1 1/2	10 1/2	10 1/2	15 1/4	40	10 1/4	11	1 1/2	10	

Option & price	Vol.	Last	Var.	Vol.	Last	Close	Option & price	Vol.	Last	Var.	Vol.	Last	Close	Option & price	Vol.	Last	Var.	Vol.	Last	Close
-Jul-	-Jul-	-Oct-	-Jan-	-Jul-	-Oct-	-Jan-	-Jul-	-Jul-	-Oct-	-Jan-	-Jul-	-Oct-	-Jan-	-Jul-	-Jul-	-Oct-	-Jan-	-Jul-	-Oct-	-Jan-
Avon 40	330	39 1/2	34	51	45	7 1/4	42	Halbit 46 1/2	33	5 1/2	3	7 1/2	b	b	50 1/2	13	17 1/2	1	17 1/2	1
Avon 45	515	11	15 1/2	2	4	4	42	Halbit 50	53	5 1/2	16	3 1/2	b	b	50 1/2	13	17 1/2	1	17 1/2	1
Avon 50	330	39 1/2	34	51	45	7 1/4	42	Halbit 50 1/2	33	5 1/2	16	3 1/2	b	b	50 1/2	13	17 1/2	1	17 1/2	1
Belth 45	35	42	7 1/2	a	b	b	41 1/2	Halbit 50 1/2	33	5 1/2	16	3 1/2	b	b	50 1/2	13	17 1/2	1	17 1/2	1
Belth 50	35	42	7 1/2	a	b	b	41 1/2	Halbit 50 1/2	33	5 1/2	16	3 1/2	b	b	50 1/2	13	17 1/2	1	17 1/2	1
Belth 50 1/2	35	42	7 1/2	a	b	b	41 1/2	Halbit 50 1/2	33	5 1/2	16	3 1/2	b	b	50 1/2	13	17 1/2	1	17 1/2	1
Belt 45	231	7	a	78 1/2	15	16	4	Halbit 50 1/2	33	5 1/2	16	3 1/2	b	b	50 1/2	13	17 1/2	1	17 1/2	1
Belt 50	79	17	a	12 11	16	4	41 1/2	Halbit 50 1/2	33	5 1/2	16	3 1/2	b	b	50 1/2	13	17 1/2	1	17 1/2	1
Belt 50 1/2	79	17	a	12 11	16	4	41 1/2	Halbit 50 1/2	33	5 1/2	16	3 1/2	b	b	50 1/2	13	17 1/2	1	17 1/2	1
Belt 50 1/2	79	17	a	12 11	16	4	41 1/2	Halbit 50 1/2	33	5 1/2	16	3 1/2	b	b	50 1/2	13	17 1/2	1	17 1/2	1
Belt 50 1/2	79	17	a	12 11	16	4	41 1/2	Halbit 50 1/2	33	5 1/2	16	3 1/2	b	b	50 1/2	13	17 1/2	1	17 1/2	1
Belt 50 1/2	79	17	a	12 11	16	4	41 1/2	Halbit 50 1/2	33	5 1/2	16	3 1/2	b	b	50 1/2	13	17 1/2	1	17 1/2	1
Belt 50 1/2	79	17	a	12 11	16	4	41 1/2	Halbit 50 1/2	33	5 1/2	16	3 1/2	b	b	50 1/2	13	17 1/2	1	17 1/2	1
Belt 50 1/2	79	17	a	12 11	16	4	41 1/2	Halbit 50 1/2	33	5 1/2	16	3 1/2	b	b	50 1/2	13	17 1/2	1	17 1/2	1
Belt 50 1/2	79	17	a	12 11	16	4	41 1/2	Halbit 50 1/2	33	5 1/2	16	3 1/2	b	b	50 1/2	13	17 1/2	1	17 1/2	1
Belt 50 1/2	79	17	a	12 11	16	4	41 1/2	Halbit 50 1/2	33	5 1/2	16	3 1/2	b	b	50 1/2	13	17 1/2	1	17 1/2	1
Belt 50 1/2	79	17	a	12 11	16	4	41 1/2	Halbit 50 1/2	33	5 1/2	16	3 1/2	b	b	50 1/2	13	17 1/2	1	17 1/2	1
Belt 50 1/2	79	17	a	12 11	16	4	41 1/2	Halbit 50 1/2	33	5 1/2	16	3 1/2	b	b	50 1/2	13	17 1/2	1	17 1/2	1
Belt 50 1/2	79	17	a	12 11	16	4	41 1/2	Halbit 50 1/2	33	5 1/2	16	3 1/2	b	b	50 1/2	13	17 1/2	1	17 1/2	1
Belt 50 1/2	79	17	a	12 11	16	4	41 1/2	Halbit 50 1/2	33	5 1/2	16	3 1/2	b	b	50 1/2	13	17 1/2	1	17 1/2	1
Belt 50 1/2	79	17	a	12 11	16	4	41 1/2	Halbit 50 1/2	33	5 1/2	16	3 1/2	b	b	50 1/2	13	17 1/2	1	17 1/2	1
Belt 50 1/2	79	17	a	12 11	16	4	41 1/2	Halbit 50 1/2	33	5 1/2	16	3 1/2	b	b	50 1/2	13	17 1/2	1	17 1/2	1
Belt 50 1/2	79	17	a	12 11	16	4	41 1/2	Halbit 50 1/2	33	5 1/2	16	3 1/2	b	b	50 1/2	13	17 1/2	1	17 1/2	1
Belt 50 1/2	79	17	a	12 11	16	4	41 1/2	Halbit 50 1/2	33	5 1/2	16	3 1/2	b	b	50 1/2	13	17 1/2	1	17 1/2	1
Belt 50 1/2	79	17	a	12 11	16	4	41 1/2	Halbit 50 1/2	33	5 1/2	16	3 1/2	b	b	50 1/2	13	17 1/2	1	17 1/2	1
Belt 50 1/2	79	17	a	12 11	16	4	41 1/2	Halbit 50 1/2	33	5 1/2	16	3 1/2	b	b	50 1/2	13	17 1/2	1	17 1/2	1
Belt 50 1/2	79	17	a	12 11	16	4	41 1/2	Halbit 50 1/2	33	5 1/2	16	3 1/2	b	b	50 1/2	13	17 1/2	1	17 1/2	1
Belt 50 1/2	79	17	a	12 11	16	4	41 1/2	Halbit 50 1/2	33	5 1/2	16	3 1/2	b	b	50 1/2	13	17 1/2	1	17 1/2	1
Belt 50 1/2	79	17	a	12 11	16	4	41 1/2	Halbit 50 1/2	33	5 1/2	16	3 1/2	b	b	50 1/2	13	17 1/2	1	17 1/2	1
Belt 50 1/2	79	17	a	12 11	16	4	41 1/2	Halbit 50 1/2	33	5 1/2	16	3 1/2	b	b	50 1/2	13	17 1/2	1	17 1/2	1
Belt 50 1/2	79	17	a	12 11	16	4	41 1/2	Halbit 50 1/2	33	5 1/2	16	3 1/2	b	b	50 1/2	13	17 1/2	1	17 1/2	1
Belt 50 1/2	79	17	a	12 11	16	4	41 1/2	Halbit 50 1/2	33	5 1/2	16	3 1/2	b	b	50 1/2	13	17 1/2	1	17 1/2	1
Belt 50 1/2	79	17	a	12 11	16	4	41 1/2	Halbit 50 1/2	33	5 1/2	16	3 1/2	b	b	50 1/2	13	17 1/2	1	17 1/2	1
Belt 50 1/2	79	17	a	12 11	16	4	41 1/2	Halbit 50 1/2	33	5 1/2	16	3 1/2	b	b	50 1/2	13	17 1/2	1	17 1/2	1
Belt 50 1/2	79	17	a	12 11	16	4	41 1/2	Halbit 50 1/2	33	5 1/2	16	3 1/2	b	b	50 1/2	13	17 1/2	1	17 1/2	1
Belt 50 1/2	79	17	a	12 11	16	4	41 1/2	Halbit 50 1/2	33	5 1/2	16	3 1/2	b	b	50 1/2	13	17 1/2	1	17 1/2	1
Belt 50 1/2	79	17	a	12 11	16	4	41 1/2	Halbit 50 1/2	33	5 1/2	16	3 1/2	b	b	50 1/2	13	17 1/2	1	17 1/2	1
Belt 50 1/2	79	17	a	12 11	16	4	41 1/2	Halbit 50 1/2	33	5 1/2	16	3 1/2	b	b	50 1/2	13	17 1/2	1	17 1/2	1
Belt 50 1/2	79	17	a	12 11	16	4	41 1/2	Halbit 50 1/2	33	5 1/2	16	3 1/2	b	b	50 1/2	13	17 1/2	1	17 1/2	1
Belt 50 1/2	79	17	a	12 11	16	4	41 1/2	Halbit 50 1/2	33	5 1/2	16	3 1/2	b	b	50 1/2	13	17 1/2	1	17 1/2	1
Belt 50 1/2	79	17	a	12 11	16	4	41 1/2	Halbit 50 1/2	33	5 1/2	16	3 1/2	b	b	50 1/2	13	17 1/2	1	17 1/2	1
Belt 50 1/2	79	17	a	12 11	16	4	41 1/2	Halbit 50 1/2	33	5 1/2	16	3 1/2	b	b	50 1/2	13	17 1/2	1	17 1/2	1
Belt 50 1/2	79	17	a	12 11	16	4	41 1/2	Halbit 50 1/2	33	5 1/2	16	3 1/2	b	b	50 1/2	13	17 1/2	1	17 1/2	1
Belt 50 1/2	79	17	a	12 11	16	4	41 1/2	Halbit 50 1/2	33	5 1/2	16	3 1/2	b	b	50 1/2	13	17 1/2	1	17 1/2	1
Belt 50 1/2	79	17	a	12 11	16	4	41 1/2	Halbit 50 1/2	33	5 1/2	16	3 1/2	b	b	50 1/2	13	17 1/2	1	17 1/2	1
Belt 50 1/2	79	17	a	12 11	16	4	41 1/2	Halbit 50 1/2	33	5 1/2	16	3 1/2	b	b	50 1/2	13	17 1/2	1	17 1/2	1
Belt 50 1/2	79	17	a	12 11	16	4	41 1/2	Halbit 50 1/2	33	5 1/2	16	3 1/2	b	b	50 1/2	13	17 1/2	1	17 1/2	1
Belt 50 1/2	79	17	a	12 11	16	4	41 1/2	Halbit 50 1/2	33	5 1/2	16	3 1/2	b	b	50 1/2	13	17 1/2	1	17 1/2	1
Belt 50 1/2	79	17	a	12 11	16	4	41 1/2	Halbit 50 1/2	33	5 1/2	16	3 1/2	b	b	50 1/2	13	17 1/2	1	17 1/2	1
Belt 50 1/2	79	17	a	12 11	16	4	41 1/2	Halbit 50 1/2	33	5 1/2	16	3 1/2	b	b	50 1/2	13	17 1/2	1	17 1/2	1
Belt 50 1/2	79	17	a	12 11	16	4	41 1/2	Halbit 50 1/2	33	5 1/2	16	3 1/2	b	b	50 1/2	13	17 1/2	1	17 1/2	1
Belt 50 1/2	79	17	a	12 11	16	4	41 1/2	Halbit 50 1/2	33	5 1/2	16	3 1/2	b	b	50 1/2	13	17 1/2	1	17 1/2	1
Belt 50 1/2	79	17	a	12 11	16	4	41 1/2	Halbit 50 1/2	33	5 1/2	16	3 1/2	b	b	50 1/2	13	17 1/2	1	17 1/2	1
Belt 50 1/2	79	17	a	12 11	16	4	41 1/2	Halbit 50 1/2	33	5 1/2	16	3 1/2	b	b	50 1/2	13	17 1/2	1	17 1/2	1
Belt 50 1/2	79	17	a	12 11	16	4	41 1/2	Halbit 50 1/2	33	5 1/2	16	3 1/2	b	b	50 1/2	13	17 1/2	1	17 1/2	1
Belt 50 1/2	79	17	a	12 11	16	4	41 1/2	Halbit 50 1/2	33	5 1/2	16	3 1/2	b	b	50 1/2	13	17 1/2	1	17 1/2	1
Belt 50 1/2	79	17	a	12 11	16	4	41 1/2	Halbit 50 1/2	33	5 1/2	16	3 1/2	b	b	50 1/2	13	17 1/2	1	17 1/2	1
Belt 50 1/2	79	17	a	12 11	16	4	41 1/2	Halbit 50 1/2	33	5 1/2	16	3 1/2	b	b	50 1/2	13	17 1/2	1	17 1/2	1
Belt 50 1/2	79	17	a	12 11	16	4	41 1/2	Halbit 50 1/2	33	5 1/2	16	3 1/2	b	b	50 1/2	13	17 1/2	1	17 1/2	1
Belt 50 1/2	79	17	a	12 11	16	4	41 1/2	Halbit 50 1/2	33	5 1/2	16	3 1/2	b	b	50 1/2	13	17 1/2	1	17 1/2	1
Belt 50 1/2	79	17	a	12 11	16	4	41 1/2	Halbit 50 1/2	33	5 1/2	16	3 1/2	b	b	50 1/2	13	17 1/2	1	17 1/2	1
Belt 50 1/2	79	17	a	12 11	16	4	41 1/2	Halbit 50 1/2	33	5 1/2	16	3 1/2	b	b	50 1/2	13	17 1/2	1	17 1/2	1
Belt 50 1/2	79	17	a	12 11	16	4	41 1/2	Halbit 50 1/2	33	5 1/2	16	3 1/2	b	b	50 1/2	13	17 1/2	1	17 1/2	1
Belt 50 1/2	79	17	a	12 11	16	4	41 1/2	Halbit 50 1/2	33	5 1/2	16	3 1/2	b	b	50 1/2	13	17 1/2	1	17 1/2	1
Belt 50 1/2	79	17	a	12 11	16	4	41 1/2	Halbit 50 1/2	33	5 1/2	16	3 1/2	b	b	50 1/2	13	17 1/2	1	17 1/2	1
Belt 50 1/2	79	17	a	12 11	16	4	41 1/2	Halbit 50 1/2	33	5 1/2	16	3 1/2	b	b	50 1/2	13	17 1/2	1	17 1/2	1
Belt 50 1/2	79	17	a	12 11	16	4	41 1/2	Halbit 50 1/2	33	5 1/2	16	3 1/2	b	b	50 1/2	13	17 1/2	1	17 1/2	1
Belt 50 1/2	79	17	a	12 11	16	4	41 1/2	Halbit 50 1/2	33											

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PARIS, MONDAY, MAY 3, 1976

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## romarket

## Hints About U.S. Monetary Policy Inspire Caution Among Investors

By Carl Gewirtz

3. May 2 (UPT)—A number of analysts who had been hoping for a sharp decline—which would indicate a continued policy of credit ease—or another increase which at least would have cleared the direction of Fed policy. As it is, the latest figures are neutral and leave the question about the Fed's intentions unclear.

However, the rate on federal funds in New York ended the week at 5 percent. These funds are not considered reserves that banks lend one another and the rate offers one indication of the availability of reserves in the banking network, giving the Fed a guide in carrying out its policy.

A week earlier the rate was 4.75 percent and a week previous it was 4.34 percent. While the increase is taken to mean the Fed is becoming less accommodative, some analysts maintain that special technical factors are causing the updraft and that the Fed has not shifted its policy.

By themselves, the somewhat esoteric banking figures might not have affected investor sentiment as the extent they have. But there are other worrisome signals.

**Steel Price Boost**  
 The major U.S. steel companies last week announced price increases of between 6 and 8 percent to take effect in June.

The nation's Wage and Price Council, which announced it will study the increases, said basic metals industries account for more than 7 percent of the wholesale price index and help determine price behavior in a number of other sectors of the economy.

At the same time, the Agriculture Department reported that the prices farmers got for their livestock and crops rose an average 2 percent in the month ended April 15. By contrast, farm prices dropped 1.5 percent in the month ended March 15 after remaining stable in January and February. The good performance of these prices was

an important element in keeping both wholesale and retail price indexes at moderate levels—both indexes rose 0.3 percent in May.

A number of analysts believe that the April index of wholesale prices will register an increase of (Continued on Page 22, Col. 1)

## Economic Indicators

## WEEKLY COMPARISONS

	Latest Week	Prior Week	1975
Commodity index	203.2	204.8	198.9
*Currency in cir.	86,443,000	87,132,000	78,123,000
*Total loans	\$117,431,000	\$117,320,000	\$128,879,000
Steel prod. (tons)	2,681,000	2,660,000	2,488,000
Auto production	185,141	199,915	144,619
Daily oil prod (bbls)	8,146,000	8,146,000	8,387,000
Flight car prod.	469,212	452,394	452,784
*Elec. Pow. Kwhr.	35,614,000	35,287,000	35,287,000
Bus failures	188	178	313

Statistics for commercial agricultural loans, carloadings, steel, oil, electric power and business failures are for the preceding week and latest available.

## MONTHLY COMPARISONS

	Mar.	Prior Month	1975
A-Employed	86,692,000	86,319,000	84,110,000
A-Unemployed	7,027,000	7,136,000	7,770,000
A-Indus Prod.	120.9	120.2	110.0
B*Personal Income	\$1,333,500,000	\$1,325,900,000	\$1,205,000,000
A*Money supply	\$279,400,000	\$276,800,000	\$284,100,000
Cann price index	167.5	167.1	157.8
A-Crude oil	185	170	150
A*Wholesale inv.	\$147,204,000	\$147,030,000	\$151,940,000
A*Exports	\$8,800,100	\$9,103,400	\$8,754,600
A*Imports	\$8,740,900	\$9,176,000	\$9,727,600

\*000 omitted. \*Figures subject to revision by source.  
 Commodity Index, based on 1967=100, the consumer price index, based on 1967=100, and employment figures are compiled by the Bureau of Labor Statistics. Industrial production is Federal Reserve Board's adjusted index of 1967=100. Imports and exports are compiled by the Department of Commerce. Money supply is total currency outside banks and demand deposits adjusted as reported by Federal Reserve Board. Business failures compiled by Dun & Bradstreet, Inc. Commerce contracts are compiled by the F. W. Dodge Division, McGraw-Hill Information Systems Company.

A-Seasonally adjusted.  
 B-Seasonally adjusted annual rate.

The U.S. Economic Scene  
Crisis-Prone Lockheed in the Doghouse

By John M. Lec

NEW YORK, May 2 (NYT)—For two decades the Lockheed Aircraft Corp. has been at the center of assorted corporate dramas. There were the failures with the Electra turboprop in the 1950s, the Central Intelligence Agency links with the U-2 spy plane, the huge cost overruns on the C-5A military transport, the crash-prone P-104s in West Germany, the cliff-hanger on marketing the wide-bodied L-1011 jetliner with Rolls-Royce engines, the extraordinary government-guaranteed loan in 1971 to avert bankruptcy and the continuing battle to achieve financial viability, given a huge burden of debt.

Few corporations have so occupied public attention. But then Lockheed is something special—a key link in the military-industrial complex, with close ties to the Pentagon and CIA; a provider of advanced technology; arms-seller to the Western alliance and instrument of national policy in the confrontation with Communism. Clearly, Lockheed's survival and even its prosperity have been deemed vital to the national interest.

Now, Lockheed finds itself at the center of the most far-reaching controversy of its history—namely, the payment of some \$24 million in bribes and kickbacks over a number of years to promote the sale of both military and commercial aircraft abroad. In its zeal for selling, Lockheed overstepped the bounds of what many consider proper corporate conduct.

Of course, Lockheed is but one of some 100 major American corporations that have admitted, under pressure from the Securities and Exchange Commission, improper payments.

But here again, Lockheed is something special. Although the machinations of the Gulf Oil Corp., the Northrop Corp. and United Brands Inc. are startling enough, Lockheed has admitted payments to pro-Western governments in Italy and Japan, as well as to Prince Bernhard of the Netherlands. It has thereby provided devastating political ammunition to opposition elements in those countries.

The efforts of the International Telephone and Telegraph Corp. pale beside what Lockheed may unwittingly accomplish. The disclosure of improper dealings with Lockheed helped undermine confidence in the Christian Democratic government in Italy, which resigned on Friday. If the new elections bring Communists into the government, will Lockheed

share the blame? Will the stigma of Lockheed associations also undermine the government of Japan and the royal family of the Netherlands?

The arguments are that, "if we don't sell them arms, someone else will," and that the spread of U.S. arms and aircraft abroad is an instrument of national prestige and influence, making the buyer beholden to the technological largesse of the United States. The arms salesman is thus unleashed and encouraged by the Pentagon. Besides, it's good for the balance of payments and for unemployment in California.

Lockheed thus undertook such activity, along with others, on a worldwide basis. But what Lockheed apparently failed to realize was that while the world might

wink indulgently at payoffs in some countries—after all, bribery was thought to be a way of life in Asia, Latin America and the Middle East—it was quite another matter to make payoffs in Western societies where standards of ethical behavior are avowed to be stricter. An outcry at public disclosure was inevitable.

Foreign countries have expressed astonishment not so much at the bribery as at the American obsession for exposing it and European sophisticates lament the trouble Americans have caused by their post-Watergate zeal for harsh disclosure.

Business-government efforts in arms sales or other exports are more coordinated abroad. It is almost inconceivable that the French or Japanese governments would accuse their own businessmen of bribery. Japanese officials have been notably slow in pursuing the Lockheed bribery investigation in that country lest confidence in the long-standing Liberal Democratic government be undermined.

In the United States, life is more pluralistic and interests more diverse.

The thrust for disclosure seems to rest with the Securities and Exchange Commission, senators like Frank Church and William Proxmire and some of the news media.

In the view of many, the massive disclosures of improper corporate conduct by Lockheed and others have a uniquely American flavor. There stands the moralistic Frank Church lecturing the cranks, Europeans, Shades of Woodrow Wilson. But the genie is out of the bottle. No one can put it back and what it will do next is anyone's guess.

## New York Stock Market

NEW YORK, May 3 (NYT)—Prices moved fitfully in the equities and credit markets last week; up somewhat early in the period but closing on Friday below where they stood last Monday.

In the equities markets the experience was viewed in some quarters as a continuation of the "consolidation" phase that has followed the strong run-up that started in December and extended through January and February.

Beyond such internal nuances, however, participants were on the lookout all week for the latest Federal Reserve report on the nation's money supply. Several successive weekly multi-billion-dollar increases in the money supply gave rise to speculation that another large increase might lead to a decision by the Fed to stiffen monetary policy.

Awaiting this particular number, stock market participants maintained a quiet trading pace and prices drifted lower.

Stock and bond prices were lower on Friday in continued quiet trading. For the week as a whole the Dow Jones average of 30 industrials was down 3.86 points at 898.55. New York Stock Exchange volume, in turn, shrank to 84.80 million shares compared with 103.78 million shares traded in the previous week.

## Over-Counter Market

Sales in 100s	High	Low	Last	Chg
Graph Scanning	474	144	14	+14
Gravimetric	36	10	10	+10
Gravimetric	36	10	10	+10
Gravimetric	36	10	10	+10
Gravimetric	36	10	10	+10
Gravimetric	36	10	10	+10
Gravimetric	36	10	10	+10
Gravimetric	36	10	10	+10
Gravimetric	36	10	10	+10
Gravimetric	36	10	10	+10

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LEPHONE



## Sports

His two other toughest rivals dropped out—teammate Mass, nine laps before the end with a smoking engine while running in second place, and Depailler in the 28th lap when he drove his revolutionary new six-wheeled Tyrrell off the track while running third.

New York Nets a 120-118 victory over the Denver Nuggets in the opening game of the league's championship playoffs.

action, finished with a game-high 45 points, including 18 in the last period. His shot at the buzzer came after Denver had tied the game at 118-118 with 4 seconds to go on a stuff shot by Marvin Webster.

who beat back repeated break-aways before Leach—who scored 61 regular-season goals—put in the game-winner on assists by Jim and Joe Watson.

Y 7, Winnipeg 3 (Lett

**Saturday's Game**  
Real 3, N.Y. Islanders 2  
Roberts, Lamont, Egan

Boston forced the overtime on a power-play goal by Johnny Bucyk at 13:17 of the third period. But the Flyers kept the pressure on Boston goalie Gerry Cheevers.

LONDON, May 2 (UPI).—The Salvation Army band played "When the Saints Go Marching In" and Brian Greenhoff, Manchester United's iron-man de-

The formbook had indicated that Southampton, nicknamed The Saints, would be brushed aside by the odds-on favorites in this 75th final of the world's oldest soccer competition.

But the Saints toppled United

It was the second time in three years that a Second Division side has won the final and Southampton now will carry England's banner in next season's European Cup-Winners Cup competition.

With an 82-minute goal from Bobby Stokes, the winger who had a second-half "cup for sale" transfer list for the past year, but found no takers.

Manager Lawrie McMenemy immediately took Stokes off the transfer list for the second goal which won Southampton the coveted trophy for the first time in the club's history.

The match appeared destined for a 2-2 draw, which was

**Rangers Win**  
**GLASGOW, May 2 (AP)**—Glasgow Rangers won the Scottish FA Cup final at Hampden Park yesterday by defeating Hearts 2-1. The victory sent the team into the lead in a second round with a header from Derek Johnstone, and added a second goal in injury time at the close of the first half when Alex MacDonald scored.

The vigorous growth of Mexico's economy offers a great opportunity to investors seeking high yields with a minimum of risk.

Mexico's development over the past 10 years is a good

indication or what is to come in the future. In the last decade, Gross National Product increased at an annual rate of 7%, and its financial institutions are strong and sound and very competitive in world markets. Economic and political stability is an additional factor giving confidence to investors; together with the free convertibility of the Mexican peso and its unchanged parity with the U.S. dollar since 1954, it constitutes a commanding reason for investing in Mexico.

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**Professional days May 5-7**  
**General public May 8**

## Insurance

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# Second annual exhibition adult education. May 5-8, 1976



**expo**  
**information**  
International de Paris

# Porte Maillot

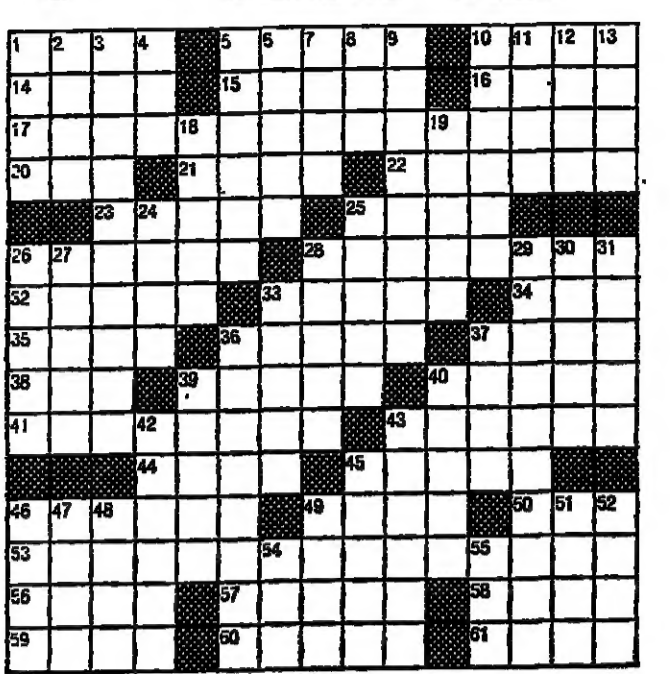
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- ACROSS**
- Western Indians
  - Billiard shot
  - Impudence
  - Freeman
  - Gosden's radio role
  - Sinus cavities
  - "I'm not worried"
  - Virginia pioneer, original spelling
  - Land bodies, in France
  - Virginia's John and family
  - French exports
  - Climb in a way
  - Virginia's Henry, for one
  - Stately residences
  - Farm units
  - Table mat
  - School org.
  - Wrongs
  - First name in
  - Kind of fire or ball
  - New Haven student
  - Like a pine tree
  - Asian laborer: Var.

- DOWN**
- Window part
  - Friend, in Nice
  - General at Yorktown
  - Compass point
  - Guest
  - Joins the poker game
  - Highways: Abbr.
  - Hockey star
  - Chief Justice from Virginia
  - Like sea water

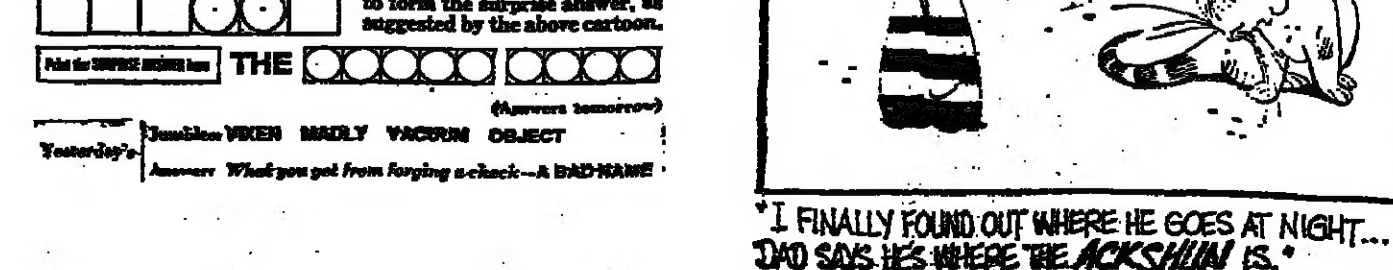
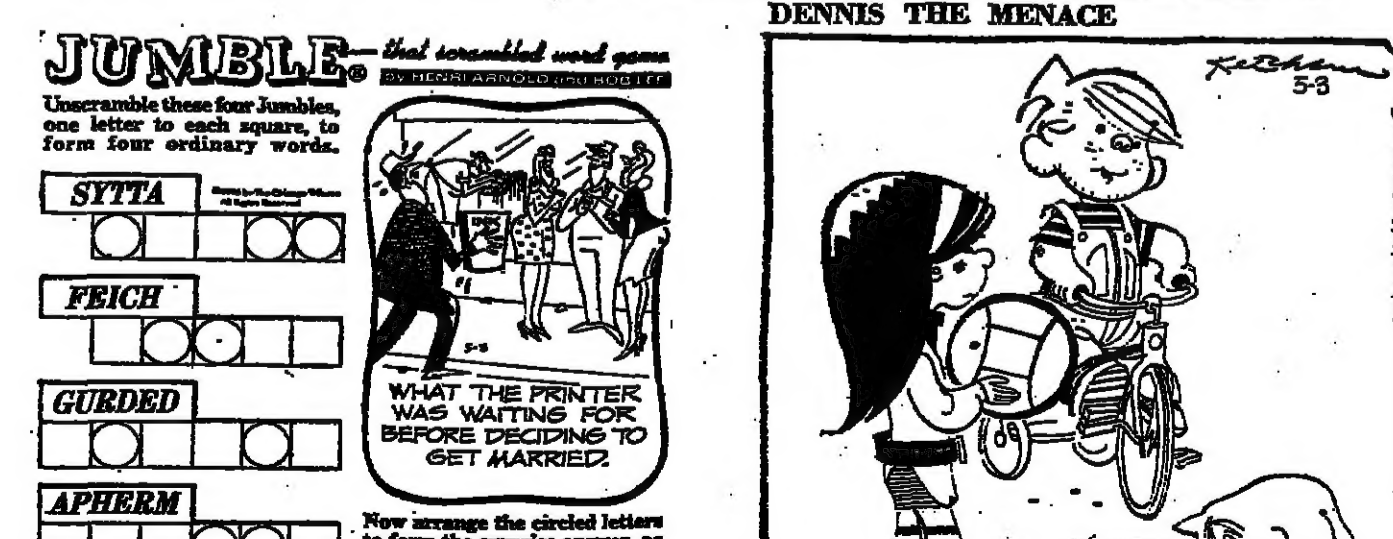
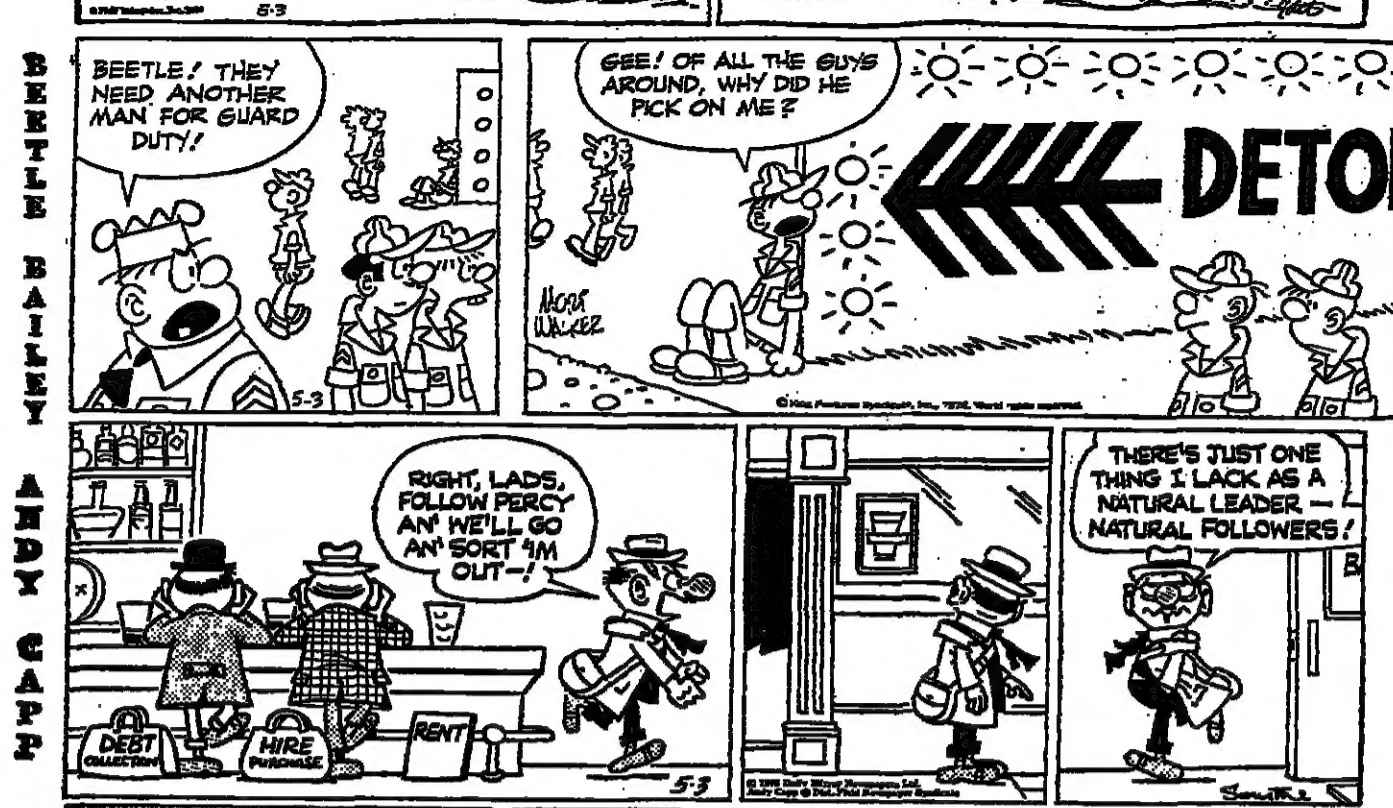


**WEATHER**

	° F	° C	Cond.
ALBANY	18	6	Clear
ALBUQUERQUE	72	22	Clear
ALBUQUERQUE	72	22	Clear
ALBUQUERQUE	72	22	Clear
ALBUQUERQUE	72	22	Clear
ALBUQUERQUE	72	22	Clear
ALBUQUERQUE	72	22	Clear
ALBUQUERQUE	72	22	Clear
ALBUQUERQUE	72	22	Clear
ALBUQUERQUE	72	22	Clear

**Mutual Funds**

Fund	Price	% Chg.
Am. Bond	10.12	+0.01
Am. Div.	10.12	+0.01
Am. Inv.	10.12	+0.01
Am. Mid.	10.12	+0.01
Am. Stk.	10.12	+0.01
Am. Tech.	10.12	+0.01
Am. World	10.12	+0.01
Am. Bond	10.12	+0.01
Am. Div.	10.12	+0.01
Am. Inv.	10.12	+0.01
Am. Mid.	10.12	+0.01
Am. Stk.	10.12	+0.01
Am. Tech.	10.12	+0.01
Am. World	10.12	+0.01



**BOOKS**

**TRINITY**  
By Leon Uris. Doubleday. 751 pp. \$10.95.  
By William C. Woods

IN 1899, the Irish republican Standish O'Grady spoke a prophecy the future was swift to endorse: "We have now a literary movement. It will be followed by a political movement. That will not be very important. Then will come a military movement. That will be very important indeed." And indeed, in the 1916 Easter Rebellion, political power grew out of the barrel of a Maxim gun. And one of the greatest of all national literatures sprouted beside it—predicated it, supported it, celebrated after.

Leon Uris' surprisingly good new novel, "Trinity", is about that cycle of literature, law, and violent death, and it ends on a note that suggests that the cycle itself is the ordained eternal hell and glory of the Irish condition: "In Ireland, there is no future, only the past happening over and over."

An enormous theme, attacked in an enormous book, "Trinity" is itself is no surprise, since Uris, like most writers little interested in words, uses a great many of them. What is striking about "Trinity" is that the subject matter seems to have pressed the author to a display of power hitherto unsuspected.

Uris concerns himself with the historical record of vast events, like the Hitlerian genocide or the Irish rebellions, and his passion for documentation and detail. It's generally conceded even by those impatient with his work that he can direct the lava of fact along with his "storytelling power," instructing as he entertains. An honorable tradition—Dickens may be pointed to as the obvious grand master—but it's certainly the least artistically interesting form the contemporary novel can take. So, given the fact that the name of the author and the nature of his subject will guarantee this book its large readership, it wouldn't merit special notice—except that Uris has somehow surpassed himself, and built a book that has a chance to last.

To be sure, his characteristic shortcomings are intact here, and even magnified. He solves problems of construction by falsely assuming they will be swallowed up in length. He delivers his historical material in improbable speeches and distracting discursive essays. There is a first-person narrator so often

shoved off-stage for so long a his reappearance is always a Add cliché characters, a crusading Fenian journalist, a profiteering aristocrat, a lawyer to a prose style that has been impossible before. It should have had another big book. And "Trinity" is a raw novel. But it's a raw one keeps reading.

The reason lies in Uris' evident devotion to his task, apparent from his willingness to take on the complex, rote of setting his story in contemporary Belfast for its impact on the Easter Rising's romantic appeal. He can't let his long book to the period 1840 to 1916, when these legends were brewing.

Moreover, he is steeped in Irish folklore, and presents with no talent as the "Ch" itself. One gets a fine sense of the importance of the "Ch" or storytellers, who kept legends alive, and of the "Ch" teachers who were the main in turning them into a literature.

The author's feeling for large role of literature and in the making of the Irish revolutionary spirit is undeniable, one of his novel's most sections, in which two figures will become. Repetitive, are surprisingly texts on their national history, a sympathetic. Scott's has also understands with reverence the significance of Gaelic football as a way of making the Gaelic gauge triumph over English. Precious little in this does manage to triumph the English, unless one is tent with spiritual victory. Uris' partisan devotion to Republican cause has a triumph over any kind of impartiality he might have for. If, in the long story of the English in Ireland, there has been a single line of justice from the crown, isolated act of mildness or it is not to be found in this. The possibility that there been Englishmen—and even English politicians—of will is not reflected here. Uris' partisan devotion to Republican cause has a triumph over any kind of impartiality he might have for. If, in the long story of the English in Ireland, there has been a single line of justice from the crown, isolated act of mildness or it is not to be found in this. The possibility that there been Englishmen—and even English politicians—of will is not reflected here.

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**CHES**

**Chess**  
By Robert By

There is no doubt that the most unenvying task in the game is defending against a mating attack. A king against any kind of attack is in bad luck, but when the king is involved, there may be no second chance for recovery.

It is understandable, then, that the defender will look for such a device as simplification rather than endure persistent pressure directed against his king. That's fine, if it works, but there are situations where no quick resolution of the tension is available, where long-term resistance of the siege is required.

The game between International Master John Grete of Berkeley, Calif., and the Argentine grandmaster Miguel Najdorf from the Louis D. Statham masters-plus tournament in Lone Pine, Calif., shows what drastic punishment can be meted out to a defender overreager to exchange material. Grete dished out one rook sacrifice after another and swept to victory.

**Opening Sought**  
The Philidor Defense, which Najdorf used, is rare these days because it is likely to lead to a cramped position. Najdorf therefore tried 9... P-R3; 10 R-R2 to open up play for his pieces rather than go along with the solid 9... P-Q3 and 10... B-N2.

His counterthrust in the center, 15... P-Q4, based on the point that 16 P-R3 can be answered by the double attack 16... N-N5 was, however, dangerous, since Grete set up a mobile attacking pawn phalanx on the kingside with 16 P-B4, N/R4-Q2; 17 P-R5.

When Najdorf lured on the QRP by 17... N-N3; 18 P-R5, N/3-Q2, Grete sacrificed it to head for a mating attack with 19 Q-R5, 20 N-B5 and 21 R-B3. After Grete's

White Black  
1 P-R4 P-Q4  
2 N-B3 P-Q2  
3 P-Q4 N-R3  
4 N-B3 Q-R3  
5 P-B4 P-R2  
6 O-O O-O  
7 Q-R2 P-B3  
8 P-Q4 Q-B2  
9 P-R3 P-P  
10 N-R4 R-K1  
11 P-B4 P-R4  
12 N-B3 Q-R2  
13 Q-R1 B-B1  
14 B-B1 N-B4

White Black  
15 P-Q4 P-Q4  
16 P-B4 N-R4  
17 P-R5 N-N3  
18 P-R5 N-N3  
19 Q-R5 N-N3  
20 N-B5 P-R3  
21 R-B3 P-R3  
22 P-R5 P-R3  
23 Q-R4 P-R3  
24 P-R5 P-R3  
25 P-R5 P-R3  
26 P-R5 P-R3  
27 P-R5 P-R3  
28 P-R5 P-R3







